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Dear Friends,

May has remained a troublesome month for the equity markets from past and case was not different in 2010 too. Our markets that have been firming up supported by good economic indicators and decent corporate results were suddenly jolted by the happenings on international level, though we were neither responsible nor going to be greatly affected by the happenings in the Europe but being a part of the global economy we too need to be cautious as slow growth in a major part of the world will some how affect all. Europe's fiscal crisis could threaten banks in Portugal, Spain, Italy, Ireland and the UK in case of its spread. The major concern of the global community is the growth deceleration of the economy as now more countries will opt for austerity measures after Portugal, Spain took steps to trim the budget deficits to avoid a debt crisis and these kinds of austerity measures will curb the growth in smaller countries. The fear of debt crisis slowing the growth is making the investors cautious but the correction has provided good opportunity for bottom fishing and has provided a chance to buy those stocks who were looking expensive.

The much debated 3G auction is now finally over with all the major telecom companies' fiercely betting to get the control of different spectrums. The 3G spectrum would allow firms to offer high-speed Internet and other premium services. The one big reason which saw the auctions for 3G airwaves continuing is the controversial nature of 2G spectrum pricing and allocation by the Telecom Regulatory Authority of India (Trai). The government all set to receive a windfall of Rs 67,718 crore from the 3G mobile spectrum sale could prompt a spike in short-term interest rates as auction winners pay up, draining cash from the banking system . The bounty has also provided the government with extra cash to reduce its high budget deficit. Though, the auction turned a win-win situation for the government, as it achieved much more than what it has expected but the case may not be same for telecom companies as in the short run they will be under high debt and it will take time to recover apart from this the companies will have to fork out an additional Rs 5,000 crore each for the roll-out. Interest burden will be large to dent bottomlines for at least a few years. Even if most of the money comes from ECBs at an average interest rate of 6 to 7 per cent, the telcos would have to pay out Rs 3,000 crore to Rs 3,500 crore as interest cost annually. The BWA/WiMAX spectrum auction too is gaining momentum and so far has crossed the Rs 80 bn mark, creating another pool of revenue for the government.

Jayesh R. Dedhia

(Director)

Magnum Group

India's telecom sector has seen highly action packed one year or so. Even as subscriber growth remains very strong, the industry has been riddled with excessive competition with operators trying to undercut each other to gain greater volumes. As a result, average revenue per user (ARPU) has been consistently declining amidst accelerating pace of subscriber addition.

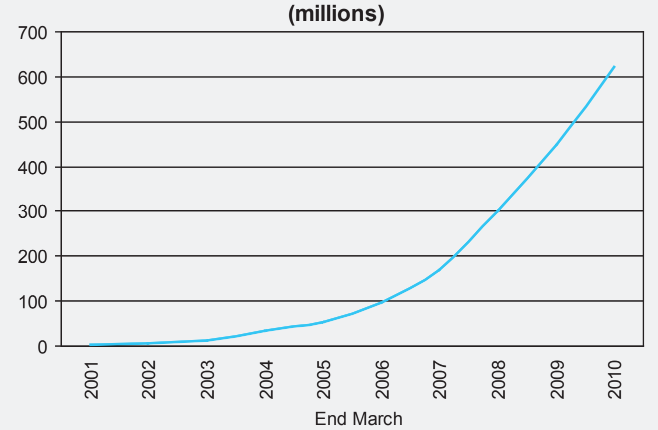
The long awaited third generation (3G) auction is finally over and operators are gearing up to offer high-end next generation services in the last quarter of 2010. However, the extremely bullish bidding seen in the auction has further added to the woes of operators as the price of the scarce resource surged beyond all expectations owing to already prevailing spectrum crunch and uncertainty on future 2G spectrum allocation, resulting in heavy outgo.

As if the excessive competition and sky-high 3G costs were not enough, the telecom regulator delivered yet another blow to the sector asking companies holding excess spectrum over the contracted amount to pay a onetime charge, based upon the price discovery in the 3G auction. With declining per user revenues and increasing expenditures, the sector has been heading downward for quite some time. However, we believe that even as the recent events indicate difficult times for the industry in near term, in the medium run, the sector will consolidate and the leading players will emerge only stronger.

Subscriber Growth Continues Unrestricted

Amidst intensifying competition, and newcomers starting operations, the subscriber addition has only accelerated over the last fiscal. In the year 2009-10, India's telecom operators added 192.56 million wireless customers, taking the total subscriber number to 584.32 million compared to 391.76 million a year ago, thus exhibiting a growth of nearly 50%. Fiscal 2009-10 also saw India emerging the fastest growing and second largest mobile telecom market. Average subscriber addition per month for FY10 works out to be 16 million compared with 14.5 million in the previous fiscal. The figure for second half of the last fiscal was even higher at 18 million, clearly reflecting rising trajectory of subscriber addition.

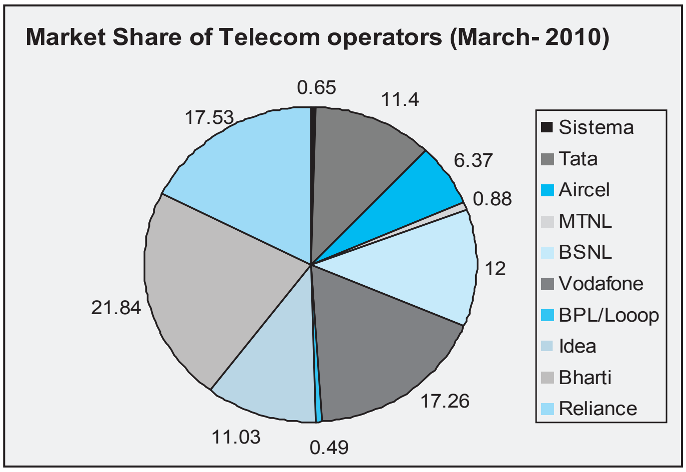
Growing Number of Telephone Subscribers (millions)



Looking at the cross section trends, as at end-March 2010, Bharti Airtel continued to lead the pack with a market share of 21.84%. It has however lost market share marginally, as could be expected in such a fast growing market, compared

Table 1: Growth of Telecom Operatos in FY10

	Subscriber Base		Market Share			
	Mar--09	Mar--10	Mar--09	Mar--10	Net Addition	% Share in Addition
Sistema	599,801	3,775,144	0.15	0.65	3,175,343	1.66
Tata	35,121,964	65,942,255	9.07	11.40	30,820,291	16.10
Aircel	18,478,325	36,861,174	4.77	6.37	18,382,849	9.60
MTNL	4,482,512	5,094,016	1.16	0.88	611,504	0.32
BSNL	52,144,234	69,450,012	13.47	12.00	17,305,778	9.04
Vodafone	68,768,998	100,858,358	17.45	17.26	32,089,360	16.76
BPL/Looop	2,164,211	2,844,583	0.56	0.49	680,372	0.36
Idea	38,889,457	63,824,688	10.04	11.03	24,935,231	13.02
Bharti	93,923,248	127,619,314	23.94	21.84	33,696,066	17.60
Reliance	72,666,192	102,422,145	18.15	17.53	29,755,953	15.54



with 23.91% a year ago. Reliance Communications (RCom) and Vodafone respectively retained the second and third spot in the market with market shares of 17.53% and 17.26% respectively.

During the FY10, Bharti had the highest share in total net subscriber addition at 17.60% followed closely by Tata and Reliance which respectively contributed 16.10% and 15.54% of the net new subscribers added last fiscal. In terms of growth however Tata Teleservices led the pack which gained nearly 240 basis points in market share while Aircel gained 160 bps in share.

3G Auction Turns Up Huge Surprises

The much awaited 3G auction is finally over, but not without huge surprises. The auction dragged on for 34 long days and prices surged to levels no one had expected. No operator managed to get a pan-India foothold. The government is expected to provide the spectrum in September this year and commercial launch of the coveted services is expected by all major operators somewhere in the last quarter of 2010.

Bids surge to unexpected levels: Even though it was expected that the competition in 3G spectrum auction will be fierce, the final outcome surprised the government and operators alike. The auction concluded on May 19 after 34 days and 183 rounds of aggressive bidding among the nine telecom operators. At the end of the process, the bid for a pan-India slot touched 16,828 crore, compared with a reserve price of Rs 3,500 crore, up nearly 379%. Delhi was the costliest circle with a bid price of Rs 3,316.93 crore while Mumbai followed closely at Rs 3,247.07 crore. Government's revenue surged to Rs 67,710 crore, compared with budgeted estimate of Rs 3,500 crore (for both 3G and BWA auctions).

No operator gets pan-India spectrum: Given the extremely high valuations, it was not surprising then that none of the nine participants in the auction won 3G spectrum for all 22 circles that were put up for bids. At the start of the auction, major players like Bharti Airtel and RCom were expected to bag pan-India slots. However, as the auction proceeded operators adopted the strategy of bidding aggressively in the circles where they are in a relatively strong position as opposed to a pan India spectrum, the price for which had reached astronomical proportions. The main logic was to help consolidate position in the circles where an operator is already in a dominant position and to ensure that after the launch of 3G services subscriber base remains intact in such circles.

Bharti Airtel, RCom and Aircel won maximum 13 service

Table 2: 3G Auction- Details of Circles Won and Payments Made

Company	Metro	A Circles	B circles	C Circles	Total	Payment
Bharti Airtel	2	3	3	5	13	122,955
Vodafone	3	3	3	0	9	116,179
RCom	3	0	4	6	13	85,850
Aircel	1	3	4	5	13	64,995
Tata Teleservices	0	3	6	0	9	58,643
Idea	0	3	6	2	11	57,686
S Tel	0	0	0	3	3	3,377
BSNL	1	5	8	6	20	101,866
MTNL	2	0	0	0	2	65,640

areas each. While Bharti would pay Rs 12,290 crore for 13 circles, RCom and Aircel would pay Rs 8,583 crore and Rs 6,498 crore, respectively for same number of circles. Among others, Vodafone spent Rs 11,617 crore for nine circles, Tata Tele got eight circles for Rs 5,864 crore and S Tel bagged three circles for Rs 337 crore.

Aggressive bidding highlights spectrum scarcity, policy uncertainty: The main reason for such a surge in price of the 3G spectrum was already prevailing spectrum crunch in the industry and the uncertainty prevailing around the policy relating 2G spectrum in future. Most of the operators have not been assigned any 2G spectrum since early 2009, which has resulted on acute crunch in spectrum in 'A' category circles, particularly in Delhi and Mumbai. Operators also acknowledged after the end of auction that the uncertainty related to policies surrounding the future allocation of 2G spectrum was also a key driver in pushing bids.

TRAI's 2G Recommendations

Even as the 3G auction was on, the Telecom Regulatory Authority of India (TRAI) issued new recommendations on a number of issues including the pricing of the 2G spectrum, merger and acquisition (M&A) norms and license structure. Some of these recommendations have attracted fierce criticism from operators which contend these are biased and regressive. If accepted, the recommendations will impose heavy outgo on established traditionally GSM operators.

Onetime fee for excess spectrum: TRAI has recommends a onetime spectrum charge for excess spectrum which operators hold beyond the committed spectrum (6.2 MHz). This charge is suggested to be benchmarked to the price discovery in the 3G auction. Further, excess spectrum between 6.2 MHz-8 MHz would attract 1X of corresponding 3G spectrum price while beyond that the price will be 1.3X of 3G.

Even though it had been discussed earlier too that the spectrum over and above what was contracted under license should be charged, linking such charge to the 3G price for spectrum that was (at least some of which) given years ago, does seem a bit too much. Ideally the price should be linked to the 3G but somehow scaled down to account for the structure of the industry that prevailed when the spectrum was given. Also, 3G spectrum is inherently more efficient and charge for 2G spectrum should be accordingly adjusted.

Table 3: Potential Outgo due to Excess 2G Spectrum

Company	No. of Circles with Excess Spectrum	Total Potential Outgo
Bharti Airtel	13	45,858
Vodafone	6	35,966
Idea Cellular	7	14,589
RCom	1	503
BSNL	19	37,861
MTNL	2	36,433

Nearly all the incumbent telecom operators with the possible exception of the Reliance Communications will face a substantial outgo if the recommendations are implemented. Major GSM players like Bharti and Idea hold spectrum above the contracted limit in 13 and 6 circles respectively. Such operators therefore face significant outgo if the recommendations are implemented.

Merger and acquisition: In wake of the large number of operators currently in the industry, TRAI has favoured some consolidation. It has recommended scrapping of the three-year lock-in period imposed by the department of telecommunications (DoT) on promoters of new mobile operators in context of stake sale.

However, the regulator has also placed some riders. The M&A activity will must not result in increase in market share of a company beyond 30%. The number of operators in a circle should not decline below six and the merged entity shall not hold more than 14.4 MHz spectrum in case of GSM players and 10 MHz in case of the CDMA players.

The caveats will ensure that no two large operators could merge which leaves possibility of only an incumbent acquiring one of the new players. Also, since excess spectrum would have to be paid at high price or returned, it makes mergers costlier. What is not clear is that if the new players are being allowed to sell their stake without even starting their operations, why the regulator is making the acquirer to pay such huge price (linked to 3G) of the spectrum being acquired, when the latter has been given (or contracted) at much lower prices to acquired operator. Effectively, it will make the new operators costly for the incumbent operators to acquire.

License Fee: The Trai has also recommended changes in license fee to make it uniform across all the circles. Currently, the license fee stands at 10% in the Metros and category 'A' areas, 8% in category 'B' areas and 6% in category 'C' areas. The TRAI has now recommended that this be brought down progressively from the existing rates to a uniform rate of 6% by the year 2013-14.

Outlook

The Indian telecom industry has grown at a dream pace in the new millennium. Private companies have taken a lead in a big way as declining tariffs and increasing disposable incomes help in making telephones more affordable. The unprecedented growth witnessed in the wireless segment has all the potential to continue for many more years as Indian companies shift their focus from saturating urban areas to still relatively untapped vast rural areas.

According to the projections prepared by the DoT, telecom density in India by 2015 would increase to 86.66% compared with nearly 52% presently. The major contribution would be from the mobile segment while the fixed-line segment is likely to remain more or less stagnant. Total number of mobile phone users over the same period is expected to grow to 1,110 million, nearly 100% growth from the present subscriber base of 584 million users at the end of March 2010. This clearly reflects the massive untapped opportunity still facing the operators.

However, there have also been some bottomline pressures as the recent strong growth seen in the industry has been accompanied by declining ARPU that slowed down the industry's profit growth. Amidst these difficult times, most of the operators raised heavy debt to fund their purchase of 3G spectrum which has put a strain on their capital structure. Moreover, the operators will have to incur additional expenditure for the roll out of these services which will further impact their already declining margins.

However, having said that, the road to greater profitability is not so difficult for the incumbent operators. The 2G capex of established telecom firms has already bottomed out. While capex as a percentage of revenue would remain higher in near term owing to start of 3G services, the new high-end services will also generate fresh revenue stream going forward.

The cost of acquiring 3G spectrum has certainly been far higher than anyone could have anticipated. The high price, as stated earlier, reflects the scarcity of spectrum and policy uncertainty regarding future 2G spectrum allocation. Nonetheless, even though initial implementation of 3G services by operators would mean increased outlays and lower returns on investment, in the medium term the operators are likely to benefit through increased revenues from value added services which currently contribute just 8-9% to the revenues of the operators. In addition, the 3G spectrum will also help the operators to manage their 2G spectrum more efficiently. Overall, in the longer run, the 3G will bring more benefits than costs.

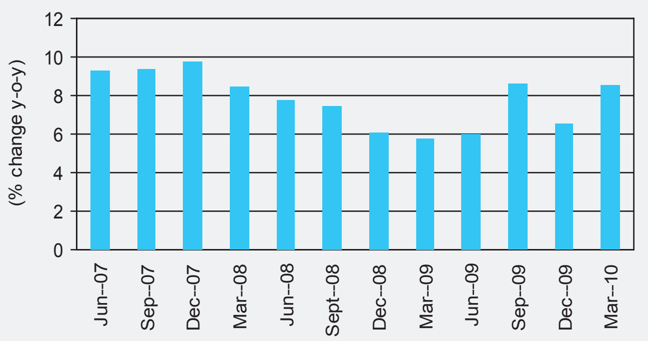
Another issue being faced by the operators is the 2G recommendations of the TRAI. Major GSM players like Bharti and Idea face significant outgo in terms of onetime charge. However, it should be noted that the TRAI has also recommended progressive decline in the license fee over the next four years from 10/8/6% to uniform rate of 6%. This will be substantially beneficial to the major operators including the Bharti and Vodafone. Also, we understand that the TRAI has not recommended onetime spectrum fee to be paid in one instalment. If the spectrum fee is divided over say a period of four years, coupled with the decline in license fee, net impact on players will be much lower. Finally, we believe the government is unlikely to implement the recommendations without taking majority of the operators on board. As such, on account of 2G recommendations we do not expect any significant causes of worry for operators.

Overall, India's telecom industry has matured in a very good way over last few years. However, there are a lot of more avenues to be tapped yet. Subscriber numbers are likely to continue growing at good pace and the start of 3G services going forward will add greater value added services in operators' offerings, helping them stabilise the ARPU. There is a broadband revolution still to be seen on the scale of mobile revolution. We believe that even as the short term outlook of telecom operators remains weak on account of heavy outgo and pressure on margins, medium term prospects, of especially the established players, are still very strong given the huge potential of the Indian market.

GDP: Headline growth robust but private demand lags

Indian economy registered a strong growth of 8.6% in the fourth quarter of last fiscal (Jan-Mar 2010), continuing its journey back towards the high growth trajectory of around 9%. The strong performance in March quarter, coupled with upside revision to estimates of gross domestic product (GDP) for second and third quarters helped push the full fiscal growth rate to 7.4%, above the advance estimates of 7.2% released by the Central Statistical Organisation (CSO) earlier.

Chart 1: India's GDP Growth



The CSO has revised the growth rate for second and third quarter to 8.6% and 6.5% from 7.9% and 6% respectively. The upside in quarterly estimates and that in the full fiscal estimates compared with the advance estimates was primarily on account of better-than-anticipated performance of the manufacturing and agriculture sector. In what follows we will discuss the GDP numbers in some detail to see how the growth internals are behaving and how strong are the growth currents from a medium term perspective.

Composition

The strong GDP growth was a result of all the sectors putting up a good show, riding on continued strong domestic demand and improving exports. The strong growth momentum seen in the March quarter also hints that full fiscal growth in the current year may be over 8.5%.

The strong performance in March quarter was supported by surge in industrial production riding on a sharp recovery in investment demand. Sustained robust growth at 16.3% in manufacturing sector drove industrial growth to 13.3% in Q4 of 2009-10. Mining activity, too, showed a huge jump from a contraction of – 0.3% last year to 14% this year. Electricity production registered a growth rate of 7.1% in Q4 as compared to 4.1% in the same quarter last fiscal.

In case of services, a marginal increase in community and social services and a notable expansion in trade, hotels, transport & communication sector, the largest contributor (50%) to services sector, took the overall growth to 8.4% in Q4 of 2009-10.

Table 1: Sector Wise GDP at Factor Cost

	GDP at Factor Cost						Y-o-Y Change (%)			
Sector	2007-08		2008-09		2009-10		2008-09		2009-10	
	Q3	Q4	Q3	Q4	Q3	Q4	Q3	Q4	Q3	Q4
Agriculture, Forestry And Fishing	207345	165393	204450	170781	200824	171951	-1.4	3.3	-1.8	0.7
Mining and quarrying	24927	27473	25612	27390	28063	31214	2.7	-0.3	9.6	14
Manufacturing	159065	168298	161145	169231	183325	196790	1.3	0.6	13.8	16.3
Electricity, Gas and Water Supply	19661	19921	20454	20736	21412	22209	4	4.1	4.7	7.1
Construction	80051	82961	80952	87656	87475	95270	1.1	5.7	8.1	8.7
Trade Hotel Transport and Comm.	260937	276382	272349	292144	300049	328234	4.4	5.7	10.2	12.4
Finance, Real est. & Business Services	160601	168045	176998	188639	190909	203537	10.2	12.3	7.9	7.9
Community, Social & Personal Services	116371	141082	149717	153464	150943	155912	28.7	8.8	0.8	1.6
GDP at Factor Cost	1028959	1049556	1091677	1110041	1163000	1205119	6.1	5.8	6.5	8.6

Farm sector performance was also a surprise on the upside. The sector showed an expansion of 0.7% compared with a contraction of 1.8% in the previous quarter as improved crop conditions led to a near normal crop output in Rabi season.

Growth Trajectory

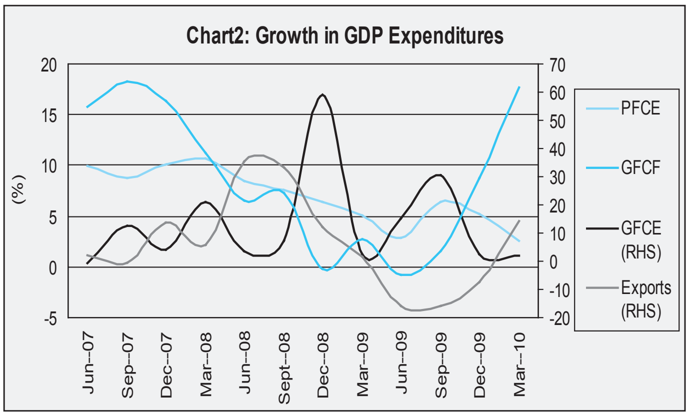
After slowing down sharply in the second half of 2008-09, the Indian economy has posted a strong recovery in last fiscal riding on the fiscal and monetary stimulus packages launched by the government. The slowdown in FY09 was primarily on account of the global factors. As the global financial crisis hit the world economy, even though the fundamentals of the Indian economy were not impacted in any significant way, export demand plunged due to recession in the developed world and domestic consumption, too, nosedived in wake of uncertain economic outlook.

While exports have been much slower to recover, the domestic demand started responding to government's stimulus policies right from the start of FY10 and growth since has been on an increasing trajectory. After slumping to 5.7% in the March quarter, growth picked up to 6.1% in the June quarter and registered a growth of 7.9% in September quarter. The figure has now been revised to 8.6%, which clearly indicates that Indian economy had put the recession behind by middle of the FY10 itself. The subsequent drop seen in the December quarter to 6.1% (revised to 6.5%) was primarily on account of poor farm sector performance amidst a failed monsoon and base effect in government spending. The growth in March quarter is back at 8.6% and with outlook for exports and farm sector looking robust going forward, growth trajectory will improve further.

GDP Internals

While the overall growth performance looks very strong, it is also important to have a look at GDP internals which can disclose a lot more than what only the headline numbers reveal. The demand side analysis of GDP numbers gives rise to some mixed trends indicating that while corporate sector is slush with sentiments, household sector is not spending the way it should be. Expenditure estimates of the fourth quarter released by the CSO show that Private Final Consumption Expenditure (PFCE) as well as Government Final Consumption Expenditure (GFCE) decelerated in the Q4, with the former reaching historically low pace, while the Gross Fixed Capital Formation (GFCF) has accelerated considerably.

At constant (2004-05) prices, the PFCE and GFCE in Q4 of 2009-10 are estimated at Rs. 6,84,311 crore and Rs. 1,49,651 crore, respectively, registering a growth of 2.64% and 2.13% compared with the same quarter last year. This contrasts with growth of 5.27% and 2.51% in the previous quarter. What it indicates is that both government and private consumption expenditure have slowed down in the fourth quarter. While the slowdown in the government consumption is not unexpected as it tries to wind up stimulus spending, the same in the private expenditure is certainly worrying. The GFCF on the other hand has improved to Rs 4,63,451 crore, registering a growth of 17.6% on annual basis. This compares with growth rate of 8.7% in the last quarter and little over 2% in the same quarter a year ago. To see things more in perspective, we have plotted the growth rate of all the three expenditures in the following chart2.



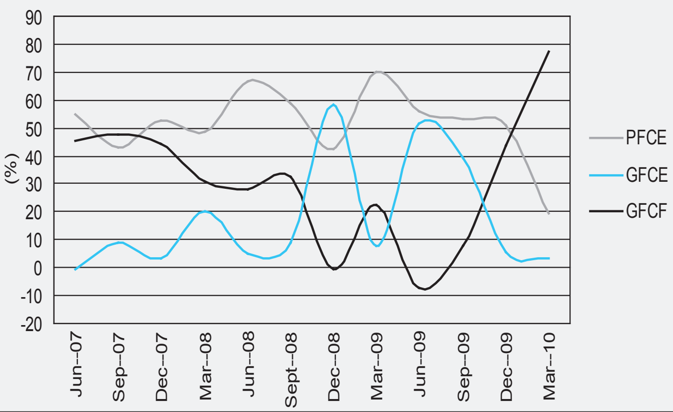
It can be seen that while the investment demand has grown sharply in the last two quarters, reflecting a clear turnaround in the corporate sentiments, the private consumption expenditure has been going down, reflecting little improvement in household sentiments. Government demand too has gone down in last couple of quarters, but this was expected as the government tries to wind up the stimulus spending. We have also plotted movement in exports in the chart. It may be noted that actual continuation to GDP is of net exports and not gross exports. Gross exports have been included just to show that overseas demand has been improving in the last one quarter and are likely to contribute more towards overall growth going forward.

In order to further understand how the three domestic expenditure heads are contributing to the economic growth, it will be worthwhile to analyse the relative contribution of each of these towards GDP expansion, plotted in Chart 3[1] .

[1]We have ignored exports and other miner heads. The chart therefore maps the relative contribution of the three heads discussed here, as if pertaining to a closed economy.

We can see that historically, the private consumption and the investment expenditures have been the main contributors of growth. However, the contribution of private consumption and investment demand towards growth started coming down sharply from the second and third quarters of 2009, respectively, on account of the commodity inflation shock and global financial crisis. On the other hand, at the onset of these events, the contribution of government expenditure or GFCE rose sharply, signalling that the growth in the Indian economy was then largely maintained by pushing up the fiscal deficit to support increasing subsidy outgo and heightened social sector spending.

Chart3: Contribution to GDP Growth



However, as the recovery started taking shape, the government expenditure started going down reflecting the impact of declining stimulus spending as well as improving private demand. On the other hand, investment demand bottomed out in first half of 2009-10 and has registered strong growth in the third and fourth quarter of the fiscal. This once again reflects the improving corporate sentiments which are leading the economic growth.

However, what is problematic is that the share of private demand in overall growth has continued to go down as reflected in consistently declining share of PFCE. There could be couple of explanations for the development. First, the negative impact of poor monsoon last year might have impacted the rural spending power leading to lower private demand in rural areas. This explanation however cannot solely explain the sharp decline in PFCE as government schemes like NREGA have been compensating the decline in rural income to a significant extent. Another possible reason could be that the high food inflation seen in last couple of quarters has eroded the real purchasing power of masses, making them more cautious on spending decisions. Whatever be the reason, this is quite clear that private consumption expenditure is not picking up despite strong headline growth and can have implications for future growth.

Outlook

The Indian economy has posted a very strong recovery in the last fiscal after being hit hard by the global economic downturn that started in September 2008. In wake of severe global recession in H2-FY09, Indian economy too faced an uncertain outlook. However, growth bottomed out in March 2009 quarter and started showing some improvement from June quarter. The stimulus packages launched by the government and RBI helped boost growth substantially in the September quarter of last year and the momentum seems to be carrying on in the headline numbers.

However, a deeper look into the GDP internals brings home some disturbing findings. Even as the sharp surge in government spending rescued the Indian economy at the peak of the crisis and the quick turnaround in corporate sentiments, mapping the aggressive sovereign response to the downturn, led to a faster-than-expected recovery in the economy, private consumption demand has so far failed to join the party.

Government demand has already peaked for the current cycle and will be headed down as fiscal consolidation becomes key theme in governance. However, the private demand should have been improving side by side to fill the gap that will be created as government focuses on cutting down deficit. This however has not been happening. India's success story in the recent years has been riding primarily on the domestic private demand. While exports have been improving and are likely to stay in positive territory going forward, it is the domestic demand that brings bulk of the economic growth in India. If the private consumption expenditure does not pick up in near term, there could be another dip in investment expenditure as well. However, we expect that high inflation has been a key contributor for decelerating real private demand and as inflation comes down in following months, private consumption expenditure should pick up.

Overall, we have seen a strong pick-up in the economy. However, to a large extent, the recovery has been build on fiscal booster which rescued declining domestic demand and helped boost corporate moral as well, leading to pick up in investment demand. The surge in growth seen in last few quarters however has primarily been led by investment expenditure and going forward, private demand will have to rise for Indian economy to reach sustainable high growth trajectory.

Tata Telecommunication

Investment overview

- TTML registered an incremental wireless market share of 28% for the twelve months ended March 31, 2010, and an incremental wireline market share of 59% for the year
- TTML launched its GSM services in collaboration with NTT DoCoMo during Q2FY10.
- The EBITDA for the quarter ended March 31, 2010 was at an all time high of Rs 183 crore.
- With a full portfolio of products and services for different categories of retail and enterprise consumers, TTML is well positioned to lead the market in the years ahead.

Stock Data (as on 30/04/10)	
Current Mkt Price (Rs.)	20.00
52 week High (Rs.)	41.80
52 week low (Rs.)	18.65
Mkt Cap (Rs. Cr.)	3,794.39
Return in last one Month (%)	-12.85

Share Holding Pattern(as on March 31,2010)	%
Total Promoter	77.72
Institutions	1.78
Non Institutions	20.50

Key Ratios	
P/E	0
Price/Book(x)	-5.84
Dividend Yield (%)	0
ROCE(%)	5.66
ROE(%)	0

- The company has won 3G bid for Maharashtra, Gujarat, Karnataka, Kerela , Punjab, Haryana, MP, Rajasthan , and UP (w) for a total sum of Rs 5864.4 crore.

Business Overview

Tata Teleservices Maharashtra Limited (TTML) spearheads the Tata group's presence in the telephony sector in the telecom circles of Maharashtra and Goa including Mumbai.

TTML commenced landline operations in 1998 and today has the largest wireline base in Mumbai and Maharashtra amongst all private operators, with over 600,000 subscribers, and with over 50% market share. It commenced full mobility wireless services on the CDMA-1X platform in 2004-5, and has over 11 million wireless subscribers today, with over 16.9% market share. It is also a market leader in wireless data cards, with its pioneering Plug2Surf 1-X data cards and its recent launch of mobile broadband services with Photon+.

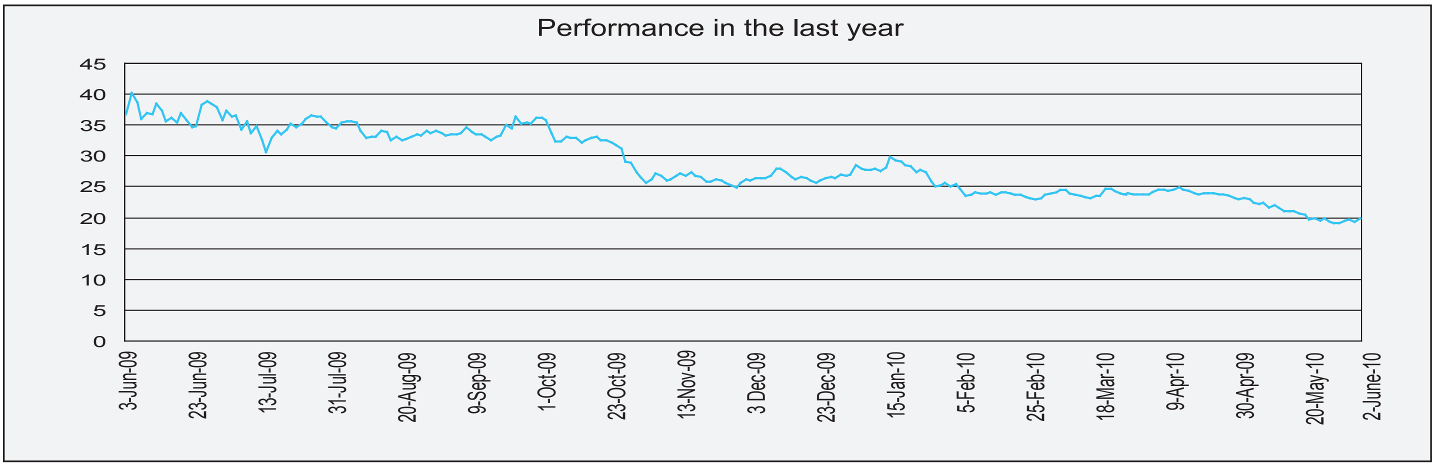
TTML's network has been rated as the only congestion-free network across Maharashtra and Mumbai in 5 consecutive reports issued by the Telecom Regulatory Authority of India (TRAI).

Financial Health

- Tata Teleservices (Maharashtra) Limited (TTML) achieved all time high revenues with annual revenue growth of 12%.
- The Company posted a robust 12% growth in Revenues, which rose to an all time high of Rs 2309 crore for the financial year ended March 31, 2010.
- For the 9 months ended December 31, 2009, Adjusted Gross Revenue (AGR), the Company has registered an 8.2% AGR growth compared to industry de-growth in its region of 0.9%.
- EBITDA for the year was Rs 597 crore with an EBITDA margin of 26%. The EBITDA for the quarter ended March 31, 2010 was at an all time high of Rs183 crore.

Industry Scenario

The Indian Telecommunications network is the third largest in the world. The sector is growing at a speed of 46-50% during the recent years. This rapid growth is possible due to various proactive and positive decisions of



(Rs. Cr.)

Particulars	March 2010	March 2009	%Change	FY10	FY09	%Change
Net Sales	607.86	536.40	13.32	2249.10	2041.80	10.15
Total Income	627.07	514.97	21.77	2277.81	2053.96	10.90
Other Income	19.21	-21.43	--	28.71	12.08	137.66
Net Profit	-66.20	-32.47	--	-298.01	159.60	--
OPM	51.40	44.46	--	24.03	29.05	--
EPS	-0.35	-0.17	--	-1.57	-0.84	--

Standalone

the Government and contribution of both by the public and the private sectors. The rapid strides in the telecom sector have been facilitated by liberal policies of the Government that provides easy market access for telecom equipment and a fair regulatory framework for offering telecom services to the Indian consumers at affordable prices. Presently, all the telecom services have been opened for private participation.

In 1994, the Government announced the National Telecom Policy which defined certain important objectives, including availability of telephone on demand, provision of world class services at reasonable prices, improving India's competitiveness in global market and promoting exports, attractive FDI and stimulating domestic investment, ensuring India's emergence as major manufacturing / export base of telecom equipment and universal availability of basic telecom services to all villages.

The most important milestone and instrument of telecom reforms in India is the New Telecom Policy 1999 (NTP 99). The New Telecom Policy, 1999 (NTP-99) was approved on 26th March 1999, to become effective from 1st April 1999. NTP-99 laid down a clear roadmap for future reforms, contemplating the opening up of all the segments of the telecom sector for private sector participation.

The 3G will allow telecom companies to offer additional value added services such as high resolution video and multi media services in addition to voice, fax and conventional data services with high data rate transmission capabilities. BWA will become a predominant platform for broadband roll out services. It is also an effective tool for undertaking social initiatives of the Government such as e-education, telemedicine, e-health and e-Governance. Providing affordable broadband, especially to the suburban and rural communities is the next focus area of the Department.

Inflow of FDI into India's telecom sector during April 2000 to March 2009 was about Rs 275,44.40 crore. Also, more than 8 per cent of the approved FDI in the country is related to the telecom sector

India offers an unprecedented opportunity for telecom service operators, infrastructure vendors, manufacturers and associated services companies. A host of factors are contributing to enlarged opportunities for growth and investment in telecom sector.

Latest News

The company has won 3G bid for Maharashtra (Rs 1258 cr), Gujarat (Rs1076 cr), Karnataka (Rs1580 cr), Kerela (Rs 312.5 cr), Punjab (Rs 322 cr), Haryana (Rs 222.6 crore), MP (Rs 258.4 cr), Rajasthan (Rs 321 cr), and UP (w) (Rs 514 crore)- total Rs 5864.4 crore.

TTML registered an incremental wireless market share of 28% for the twelve months ended March 31, 2010, and an incremental wireline market share of 59% for the year; the Company was the No. 1 operator in both segments.

Investment Rationale

The company since the introduction of GSM offering has been continuously adding to its subscriber base. It has added 1.4 million wireless and 37,000 wireline subscribers in the fourth quarter. The incremental subscriber growth was led by GSM operations.

The company's 3G auction win in Maharashtra and Goa will give the company access to the 3G spectrum for the next 20 years, and in this region of over 100 million people with very high growth potential including in rapidly growing areas such as Pune, Nasik, Aurangabad, Vasai and Nagpur, TTML will now be able to further consolidate its market leadership.

The company's Q4 minutes of usage grew 9% at 8.7 billion minutes (QoQ). "Q4 wireless revenue/minute stands at 50 paise versus 54 paise (QoQ).

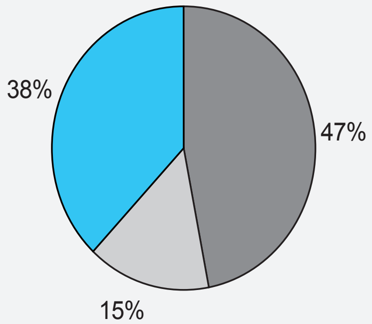
Though it has won only nine circles and has managed to protect only 43% of its 2G revenue footprint. But finally the company is out of the disadvantage of late mover that it was struggling with in the GSM space.

In March this year, Tata Teleservices Maharashtra (TTML) sold its tower subsidiary 21st Century Infratel to Quippo-WTTIL for Rs 1,318 crore. As part of the deal, all the 2,535 towers of 21st Century Infratel in Mumbai, Maharashtra and Goa will be acquired by Quippo-WTTIL. TTML noted that the towers had been valued at Rs 52 lakh per unit. This money was used in payment for 3G auction, reducing the debt burden.

TRAI's recent recommended that any operator who has spectrum more than the newly set limit of 6.2 MHz would have to pay a one-time fee for the excess airwaves will least affect TTML and RCom as the spectrum held by them is within the threshold levels mentioned in the recommendation.

At CMP of Rs 20, the stock is trading at an EV/EBITDA of 12.49x. We would recommend a BUY in the stock with a price target of Rs 36 keeping in view that the players who have both CDMA and 3G spectrum, like Tata Teleservices, could use a mix of the two technologies to get a pan-India footprint. Also TTML's network is the only network in the region to be rated congestion-free by the Telecom Regulatory Authority of India (TRAI) for 6 consecutive times.

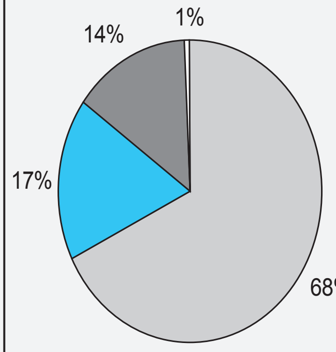
Idea Cellular: Buy



- Idea cellular, a part of Aditya Birla Group, is India's leading GSM mobile services operator with over 62 million subscribers, under brand IDEA. It is a pan India integrated GSM operator covering the entire telephony landscape of the country, and has NLD and ILD operations.
- Its total Income soared by 17.16% to Rs 3,274.21 crore for the quarter ended March 31, 2010 from Rs 2,794.67 crore for the quarter ended March 31, 2009. Net profit during the same period declined by 11.70% to Rs 262.49 crore whereas the same was at Rs 297.27 crore for the year ago period. On quarter-on-quarter (QoQ) basis its net profit grew by 20.20%.
- Operating profit margin of the company improved by 146 basis points (bps) to 25.24% during the Q4 of FY10 as compared to the previous quarter. Net profit margin also showed an up-move of 63 bps to 8.10% during the latest quarter.
- For the entire fiscal, Idea's net profit rose by 5.24% to Rs 1,053.66 crore from Rs 1,001.21 crore for the year ended March 31, 2009. Total Income zoomed by 21.09% to Rs 11,962.08 crore during FY10 from Rs 9,878.66 crore for FY09.
- Its cash EPS for 2009-10 financial year stood at 7.89 as compared to 7.24 for 2008-09 financial year.
- The company has emerged as the winner in 11 circles for third generation (3G) mobile services at a total cost of Rs 5,768.59 crore. These circles include Maharashtra, Gujarat, Andhra Pradesh, Kerala, Punjab, Haryana, Uttar Pradesh (E), Uttar Pradesh (W), Madhya Pradesh, Himachal Pradesh, and Jammu & Kashmir.
- The service areas for which the company has managed to clinch a deal represents 81% of its total national revenues, which will work in its favour going forward.
- It outplayed the sector biggies in the number game by securing license for 11 circles at a total consideration of Rs 5,769 crore as compared to Bharti Airtel 13 circles for Rs 12,295.46 crore, RCom 13 circles for Rs 8,585.04 crore and Vodafone 9 circles for 11,617.86 crore.
- If some media reports are to be believed richest person of Asia -- Mukesh Ambani -- is likely to enter the telecom business through forming an alliance with Idea. Favourable development on this front will result in a good sentiment booster for the counter.
- At current market price of Rs 53.45, the stock trades at an EV/EBIDTA of 7.82x and PE multiple of 16.7x. A smart pull back can be expected in the counter in near term with a price target of Rs 60.

Last Traded Price (as on 02/06/10)	Rs 53.45
Price target	60.00
Market cap. (Rs cr.)	17,637
52 Week H/L	91.70/ 47.05
Free Float	53%
BSE code	532822

Reliance Communications: Sell



- Reliance Communications (RCom), the flagship company of the Anil Dhirubhai Ambani Group (ADAG) of companies, is India's largest private sector information and communications company, with over 100 million subscribers. It has established a pan-India, high-capacity, integrated (wireless and wireline), convergent (voice, data and video) digital network, to offer services spanning the entire infocomm value chain.
- The telecom major reported a net profit of Rs 478.93 crore for the year ended March 31, 2010 against Rs 4,802.66 crore for the year ended March 31, 2009, down 90.03%. Its total income for the fiscal slipped by 8.64% to Rs 12,511.72 crore from Rs 13,694.67 crore for the previous financial year.
- Its operating profit margin plunged by whopping 4272 bps to 8.72% during FY10 from year ago level. Net profit margin also slipped to 3.90% in 2009-10 fiscal from 35.29% in 2008-09 fiscal. Cash EPS for FY10 stood at 9.64 as compared to 32.64 in FY09.
- The company has secured 3G licenses for 13 circles for a total consideration of Rs 8,585.04 crore.
- Last month, Ambani brothers -- Mukesh and Anil -- ended all their non-compete agreement signed in 2006, except gas-based power generation. Both the groups have now entered into a new simpler agreement in a step they hope would lead to cooperation between the two conglomerates. The agreements have also been approved by the board of directors of RIL and Reliance ADA Group companies. This move has fuelled speculations that RCom may once again start merger talks with South Africa's MTN, which were called off in 2008 due to legal issues.
- If we consider the price trend of the stock in 2008, when both entities had begun merger talks, the price had corrected by almost 30% in a month's time (between May 30, 2008 and July 01, 2008).
- Besides this, it is also being rumoured that UAE-based telecom major Emirates Telecommunications is likely to pick up 25% stake in the company. Because of this news the stock short-up by over ten percent in a single day on the back sentimental drive but the nothing has been confirmed by both parties.
- At the current market price of Rs 154.60 the stock trades at an EV / EBIDTA of 57.10x and PE of 66.63x, the highest among the industry peers. Looking at the stretched valuations and likely negative impact of the renewal of merger talks with MTN, upside looks limited in the counter. One can go short in the stock at current levels with a price target of Rs 130.

Last Traded Price (as on 02/06/10)	Rs 154.60
Price target	130.00
Market cap. (Rs cr.)	31,909
52 Week H/L	359/ 131.80
Free Float	32%
BSE code	532712

NTPC receives Maharatna status from GoI

Largest power utility of the country, National Thermal Power Corporation (NTPC) has received Maharatna status from Government of India (GoI) apart from three other Central Public Sector Enterprises (CPSEs) namely IOC, ONGC and SAIL. Since, presently NTPC has requisite number of non-official directors on its board, therefore, only NTPC is eligible to exercise delegated Maharatna powers. Consequently, upon grant of Maharatna status, the NTPC's board shall be, empowered to make equity investment to establish financial joint ventures and wholly-owned subsidiaries and undertake mergers and acquisitions, in India or abroad, subject to a ceiling of 15% of the net worth, limited to Rs 5,000 crore in one project as against the earlier limit of Rs 1,000 crore.

IL&FS Transportation bags Rs 536 crore order from NHAI

IL&FS Transportation Networks has bagged Rs 536 crore worth of contract from the National Highways Authority of India (NHAI). The company has received a Letter of Award (LoA) from NHAI for the same. The contract is for four laning of Jorabat - Shillong (Barapani) Section of NH-40 from kilo meter (km) 0.000 to km 61.800 in the state of Assam & Meghalaya on design, build, finance, operate and transfer (DBFOT) pattern under Special Accelerated Road Development Programme - North East (SARDP - NE). The company will be eligible to receive a semi-annual annuity of Rs 72.51 crore for this project.

Abbot to acquire Piramal Healthcare's domestic formulation business

Abbott is to acquire Piramal's Healthcare Solutions business (Domestic Formulations) for a total cash consideration of $3.72 billion, which includes $ 2.12 billion which will be received as an up-front payment and an additional $400 million will be received annually for the next four years. Abbott is expecting transaction to get over by the latter half of 2010. With this deal, the combined Healthcare Solutions and Abbott businesses will have a market share of around 7%. As per the term of sale, Piramal and Piramal Enterprises /Associates have agreed that for a period of eight years following closing, the company will not engage in the business of generic pharmaceuticals in finished form in India, nor will it engage in the emerging markets in manufacturing or marketing the pharmaceutical products which are the subject of the sale. However, Piramal will remain free to continue its retained business. In reference with this Piramal Healthcare will pay Rs 350 crore to Piramal Enterprises shareholders, which represents 2% of the consideration amount for agreeing the terms of the acquisition.

Idea emerges as winner in 11 circles for 3G services

Telecom major Idea Cellular, part of the Aditya Birla Group, has emerged as the winner in 11 circles for third generation (3G) mobile services at a total cost of Rs 5,768.59 cr. These circles include Maharashtra, Gujarat, Andhra Pradesh, Kerala, Punjab, Haryana, Uttar Pradesh (E), Uttar Pradesh (W), Madhya Pradesh, Himachal Pradesh, and Jammu & Kashmir. The service areas for which the company has managed to bag a deal represents 81% of its total national revenues. The auction for the 3G airwaves came to an end after witnessing 34 days of aggressive bidding from leading telecom operators. Other major telecom players Bharti Airtel, Reliance Communications and Aircel have won 13 circles each.

Ranbaxy recalls its anti-depressant drug from European market

Ranbaxy is again in fix after its regulatory issues in the US market. This time it is its UK arm, owned by Japan's Daiichi Sankyo, which has been asked to recall three lots of its anti-depressant by the UK drug regulator Medicines and Healthcare Products Regulatory Agency for not including safety warning mandated by the European Medicines Agency. The drug regulator has also put the company's other drugs under review citing similar defaults in the past. The drugs in question, which were distributed by Ranbaxy between May 2009 and March 2010, were about to expire between January and December 2012. The drug recall has been classified as class II type, the second level of severity, which mandates the company to start acting within 48 hours.

Bank of Rajasthan signs merger pact with ICICI Bank

The dominant shareholders (Tayal family and related group) of Bank of Rajasthan (BoR) have entered into merger agreement with the country's largest private sector lender - ICICI Bank. Boards of both banks have given in-principle approval for the merger. The tentative share swap ratio for the proposed merger will be 25:118, which means shareholder of BoR will receive 25 shares of ICICI Bank for every 118 shares held in the former.

MindTree bags IT contract from Carlyle Group

Bangalore-based MindTree has bagged an IT contract from The Carlyle Group, one of the world's largest private equity firms. Under the contract, the company will provide IT infrastructure management and support services for Carlyle's global data centers. It will monitor and manage all of Carlyle's IT production servers hosted at the latter's data centers in the US, UK and Hong Kong, as well as its disaster recovery data center in Virginia. Besides this, it will also manage the file servers located in Carlyle offices throughout the world and other classes of hardware and applications. The IT major will use its managed services platform -- mWatch -- to remotely provide the services to Carlyle from India.

Godrej Consumer concludes acquisition of Megasari Group in Indonesia

Godrej Consumer Products has successfully completed the acquisition of PT. Megasari Makmur Group and its Indonesia-based distribution company. The acquisition has been funded through overseas debt at a very attractive pricing. The Megasari Group manufactures and distributes a wide range of household products including household insecticides, wet tissues and air fresheners. Further, this acquisition is expected to help Godrej Consumer to leverage its strengths in the insecticides and air-care market. The deal also catapults the Godrej Group into a leading player in household insecticides segment in Asia with strong market share positions in India, Sri Lanka, Nepal, Bangladesh and Indonesia.

Venus Remedies receives patent for painkiller injection

Venus Remedies has received patent from Indian Patent Office, Government of India for novel injectable aceclofenac formulation. The patent is successful R&D efforts of Venus Medicine Research Center (VMRC). Following the said patent, the company has now seven national and international patents granted from its kitty of 341 patents. Aceclofenac is a non-steroidal anti-inflammatory drug (NSAID) used for the relief of acute as well as chronic pain and inflammation in rheumatoid arthritis, osteoarthritis, low back pain, ankylosing spondylitis, dental pain, post traumatic pain, gynecological pain and oncology pain.

Reliance Industries inks MoU with SIBUR

Reliance Industries (RIL) and SIBUR, Russia's leading petrochemical company, have signed a Memorandum of Understanding (MoU) to set up a joint venture (JV) in India. This new JV will produce butyl rubber at Reliance's integrated petrochemical site in Jamnagar, India. As per the MoU, SIBUR will provide proprietary technology for butyl rubber polymerization and its finishing, while RIL will supply monomers and provide the JV with world class infrastructure and utilities.

ABB comes out with voluntary open offer

ABB, has come out with an open offer for the shareholders of ABB, its publicly-listed subsidiary in India, at the rate of Rs 900 per share in order to increase its stake in the company from approximately 52 percent to 75 percent. The aim of the investment is to facilitate the long-term development of ABB's business in India. The total value of the transaction at the offer price is approximately Rs 4400 crore. The open offer is expected to begin on July 8, 2010 and end on July 27, 2010. The offer will be managed by HSBC Securities and Capital Markets (India).

Emami conciliates with Johnson & Johnson

Personal care products maker Emami and healthcare firm, Johnson & Johnson, on May 15, 2010 have informed Supreme Court about their amicably resolving a dispute over the advertisement for baby products. The lawyers representing the two firms moved a joint application before the apex court bench headed by Chief Justice S.H. Kapadia, formally withdrawing the case. Emami had earlier filed an appeal against an order of Competition Appellate Tribunal, which had asked it to withdraw certain emphasised portions from its advertisement that implied that similar products of leading manufacturers were harmful for a child's skin and herbal products manufactured by it (Emami) would be a better alternative.

JSW Steel completes coking coal mine acquisition in USA

JSW Steel has completed the acquisition of certain coking coal mining concessions in USA. The unique feature of this acquisition is that it has its railway load out and barge facility while one of the mines is operating. These mines are located in West Virginia having total resources of 123 million tonne (MT). The reserves are estimated to be around 45 MT on a part of the area where drilling was already done. While the total coking coal requirement of the company is estimated at 5 MT per annum at current capacity, the proposed cling coal from the US will give integration to the extent of 20% in the first year and goes up further at enhanced capacity of 11 MT to 35%.

Strides Arcolab inks licensing and supply pacts with Pfizer

Strides Arcolab has further strengthened the collaboration with Pfizer Inc, by signing of two licensing and supply agreements with it, to address new markets and products segments. Under the first agreement, Strides will license and supply up to 38 generic oncology products to Pfizer for markets in the European Union, Canada, Australia, New Zealand, Japan, and Korea. The second agreement covers niche sterlite injectables for the US market. The finished dosage form products will be commercialized by Pfizer through its established products business unit. The new agreement signed has extended the delivery to 45 generic products, which follows an agreement signed between Pfizer and Strides Arcolab in January 2010, to deliver 40 generic products, many of which are oncology therapeutics, to healthcare providers and patients in the United States.

Godrej Consumer to buy Sara Lee's stake in JV

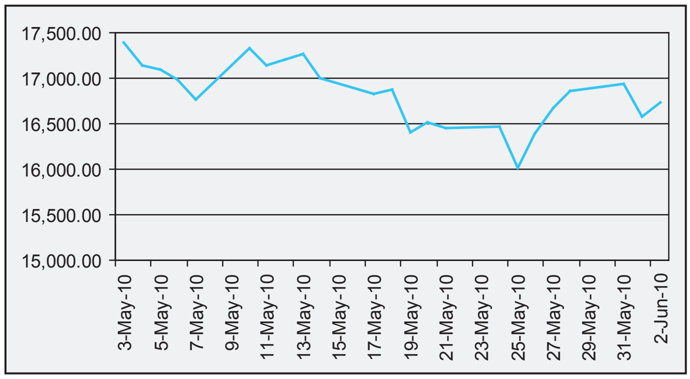
Godrej Consumer Products has agreed to buy the remaining 51% stake in Godrej Sara Lee, owned by its joint venture (JV) partner Sara Lee Corp, for Euro 185 million. Both companies have inked an agreement for the said deal. The move will help the Godrej Consumer to further consolidate its position in the country's fast moving consumer goods (FMCG) segment and will catapult it into the largest Indian home and personal care portfolio in the domestic markets after the multi-national players. Godrej Sara Lee is the leading household insecticide player in India with brands like Good Knight and Hit.

Markets swing between ups and downs in May

The month of May has been called a troublesome month for the equity markets and what happened throughout the month clearly depicts the notion. The markets that were already reeling under the worries of Greece debt crisis spreading to other European nations got a serious jolt with US markets' plunge, suffering their biggest ever intraday fall; the US big dive may be due to technical glitch but it spooked the whole global markets and India was not other case. The other reason that led the decline in the global markets was rise in banking rates in China. The People's Bank of China asked banks to raise their reserves by 50 basis points (bps) from May 10 to keep inflation in check. The move pulled the copper prices lower on the worries that monetary tightening will have negative impact on the metal's demand, which eventually resulted in correction in metal producers back home. For the whole month equity and commodity markets kept reeling under the fear that the contagious European crisis will derail the economic growth of the other nations as well. Even the US Federal Reserve supported the sentiment by stating that Europe's problems could be a "potentially serious setback" and if the debt crisis curbed lending and the flow of credit globally, that would endanger both the US and global recoveries.

After more than a month of fierce bidding among the 9 telcos, the auction for third generation (3G) spectrum finally ended on May 19, with the government receiving a windfall of Rs 67,718 crore in wake of soaring prices. However, as a by-product of high prices, no operator managed to get a pan-India foot-print for the coveted high-end radio waves. The auction, which began on April 9, completed after 183 rounds of intense bidding dragged over 34 days. The price for one pan-India slot of 3G spectrum reached Rs 16,750.58 crore by the end of auction against a reserve price of Rs 3,500 crore. Delhi was the costliest circle with a bid price of Rs 3,316.93 crore while Mumbai followed closely at Rs 3,247.07 crore. The 3G auction will now be followed by the auction for bandwidth to offer wireless broadband services, which is likely to begin on May 24. Bharti Airtel, Reliance Communications (RCom) and Aircel won maximum 13 service areas each. Bharti will pay Rs 12,290 crore for 13 circles, RCom and Aircel will pay Rs 8,583 crore and Rs 6,498 crore, respectively for same number of circles. Among other, Vodafone will pay Rs 11,617 crore for nine circles, Tata Tele will be shelling out Rs 5,864 crore for eight circles and S Tel will be paying Rs 337 crore for three circles. Videocon and Etisalat did not get 3G spectrum in any of the circles. BSNL and MTNL have already received spectrum outside the auction process, but the price would be at par with that determined by the auction.

BSE Sensex movement for the month of May



- ONGC has been the top performer of the month, gaining more than 13%. The government has hiked the price of gas produced by both ONGC and Oil India. The Union Cabinet hiked the prices of natural gas sold to power, fertiliser and city-gas projects from Rs 3,200 per thousand cubic meters ($1.79 per million British thermal unit) to Rs 6,818 per thousand cubic meters ($3.818 per mmBtu). After adding royalty, the price for user industries would be Rs 7,500 or $4.2 per mmBtu, at a par with the rate at which Reliance sells its gas.

- Mahindra and Mahindra (M&M) has bought a majority stake in electric car company, Reva. The company would now hold 55.2% in Reva via the stake sale and fresh equity infusion. M&M would invest $10 million in the electric car major and would rename the company as Mahindra Reva Electric.

BSE Sensex Monthly Gainers			
Company	Prev Price (May 2'10)	Last Price (June 2'10)	Change (%)
ONGC	1046.10	1182.35	13.02
M&M	526.05	574.20	9.15
ITC	264.20	281.75	6.64
Hero Honda Motors	1921.25	1,980.85	3.10
L&T	1591.70	1608.10	2.35

- Sterlite Industries was the top loser for the month as the global concern for slowing economic growth weighed on. The copper and zinc producer dropped the most as raw material prices sank in international as well as the domestic markets. Also the company's standalone net profit plunged by 32.74% to Rs 831.50 crore for the year ended March 31, 2010 from Rs 1236.43 crore for the year ended March 31, 2009.

- Tata Steel was the other top loser of the BSE Sensex, the company lost about 20% during the month. Tata Steel who has lots of business earmarked to the European region is likely to suffer greatly as the contagion debt crisis is feared to spread in other countries that might bring demand down from the region. Globally steel prices have corrected 5% in last three weeks and if the situation remains beyond control it may decline further.

BSE Sensex Monthly Losers			
Company	Prev Price (May 2'10)	Last Price (June 2'10)	Change (%)
Sterlite Industries	808.60	634.55	-21.52
Tata Steel	608.55	484.10	-20.45
Hindalco	173.00	142.75	-17.49
JP Associates	144.50	119.80	-17.09
Jindal Power & Steel	730.95	626.80	-14.25

The passing month witnessed a euphoria ending after a high velocity tussle of almost five years between the two Ambani brothers. The much debated RIL-RNRL tussle seems to have come closer to a conclusion with the Supreme Court ruling a verdict, providing a road map for the contract negotiations, which was in favor of RIL. The Supreme Court ruled in favour of RIL by 2:1. Justice Sathasivam and Justice Balakrishnan of the SC ruled in favour of RIL while Justice Reddy favoured the Anil Ambani led RNRL's stand. The production sharing contact (PSC) overrides all other agreements and the Memorandum of Understanding (MoU) between the Ambani brothers is not legally binding, said Justice Sathasivam. He also said that both companies must re-negotiate the MoU within six weeks. Post RIL-RNRL verdict on gas dispute news, the market responded rapidly to the judgment, with RIL shares shooting up by about 5% to nearly Rs 1,050 and that of RNRL tanked close to 20% close to Rs 55.

The result season is almost over, lots of major pharmaceutical companies came up with their results in the first half of the month and there were more hits than misses so far. Pharma major Lupin came up with good set of numbers and reported more than 55% rise in its profit for the fiscal while its peer Dr Reddy's entered into black with a profit of Rs 351 crore. The other pharma major Cipla, despite posting good profit numbers could not stand on street expectation and was severely punished. Though another pharma company Jubilant Organosys too was able to post good set of numbers. Finally the largest pharma company Ranbaxy too surprised the street with its stellar numbers.

In the mid of the month some recovery was witnessed as the markets got the much needed respite after the International Monetary Fund (IMF) approved a three-year, 30-billion-euro ($38-billion) loan to Greece followed by European finance ministers agreeing on a massive 750 billion euro ($955 billion) bailout fund to help stabilise the troubled euro zone economies in wake of the growing sovereign debt crisis that has been looking to spread from Greece to many other EU countries. The news spread as the life blood across the badly battered global markets and the Indian markets witnessed a huge rebound. The BSE Sensex received its biggest gain in last ten month, the gains were broad-based and all those sectors that were suffering for last few days got a sharp recovery. Though, the gains were attributed to short covering as lots of traders were sitting on short positions in view of the continuous decline but it was the much needed rally to stabilize the markets after a series of plunge. The European aid not only fuelled the equity markets but also gave a new life to the regional currencies and the rupee jumped the most in 14 months after losing about 3 percent in the first week of the month.

India's industrial production continued to rally in the month of March, extending the trend seen throughout in the second half of last year, although there was some softening, perhaps on account of the rollback of fiscal stimulus in February. The overall numbers are reasonably strong, though somewhat lower than market expectations. The Index of Industrial Production (IIP) expanded by 13.5% in March, representing a slight deceleration as compared to the growth of 15.1% in February 2010. The number was around 100 basis points lower compared with what markets were expecting at around 14-15%. The growth was nonetheless broad-based. Manufacturing activity in the country grew by 14.3% in March compared with 16% in the previous month and (-) 0.3% in the same month a year ago. Mining activity increased at 11% against 12.2% in the last month and 1.9% in the same month a year-ago. Electricity production grew at 7.7% against 6.7% in the last month.

The second half of the month was more painful for the markets and the Nifty declined from its two months daily moving average (DMA). Both the benchmark indices Sensex and Nifty lost all their recent psychological levels on the concern of European debt crisis slowing the economic growth of other countries. Otherwise there were lots of good news from the domestic front, but investors overlooked them fearing the crisis to prolong. Non-food credit disbursed by the Indian commercial banks increased at an annual pace of 17.69% in the fortnight ending May 7, 2010, said the Reserve Bank of India (RBI). This was marginally higher as compared to the growth of 17.48% in credit delivery seen in the previous fortnight and reflected gradual but consistent improvement in credit demand. Also, India's exports jumped 36.2% in April riding on rising demand in gems and jewellery, engineering and petroleum products. However, the government is taking a cautious approach in wake of the ongoing debt crisis in Europe. Total exports in the month of April stood at $16.9 billion against $12.4 billion in April last year. Final days of the markets too were jittery, though some recovery was seen but that too was unable to mend the losses suffered during the whole month.

Strong Q4 growth pushes FY10 GDP growth to 7.4%

Indian economy expanded by 8.6% in the March 2010 quarter, ending the last fiscal at a very strong note and raising hopes for a much stronger performance going forward. According to the data released by the government, the strong performance in March quarter pushed the full fiscal GDP growth number to 7.4% compared with 7.2% given in advance estimates. The growth was led by the manufacturing and services sectors. Manufacturing sector expanded at 16.3% in March quarter, taking the overall industrial growth to 13.3%. Services sector too posted a strong recovery and recorded a growth of 8.4%. Farm output entered the positive region at 0.7% after facing a contraction of 1.8% in the last quarter. Overall fourth quarter performance is very much in line with the market expectations of around 8.5%. In the current quarter, the manufacturing growth is expected to moderate a bit, but the services is likely to more than make up for that, and assuming a normal monsoon, growth is likely to be sequentially higher compared to March quarter.

Steel consumption jump 9.6% in April

Steel consumption in India continued to increase strongly in April giving a bright start to the new fiscal for steel companies. According to the data compiled by the ministry of steel, total consumption of the alloy stood at 4.14 million tonne (MT) in April 2010, registering a growth of 9.6% compared with the same month last year. Production on the other hand registered a lower growth of 5.3% to touch 4.9 MT compared with 4.6 MT tonne in April last year. The slower growth in production in comparison to consumption is due to sharp surge in imports. The total steel imports into the country jumped by 47.9% to 0.66 MT during the month under review, putting pressure on domestic prices.

March IIP expands at 13.5%

India's industrial production continued to rally in the month of March, extending the trend seen throughout in the second half of last year, although there was some softening, perhaps on account of the rollback of fiscal stimulus in February. The overall numbers are reasonably strong, though somewhat lower than market expectations. The Index of Industrial Production (IIP) expanded by 13.5% in March, representing a slight deceleration as compared to the growth of 15.1% in February 2010. The number was around 100 basis points lower compared with what markets were expecting at around 14-15%.

RBI relaxes overseas borrowing norms for Infra financers

In a move aimed at further boosting the flow of funds into the infrastructure space, the Reserve Bank of India (RBI) has relaxed the overseas borrowing rules for Infrastructure Finance Companies (IFC). As per the new guidelines released by the central bank, the IFC's will no longer need the permission of the RBI for raising overseas funds equivalent to or less than half of their own funds. However, IFCs wish to borrow more than 50% of their own funds through external commercial borrowings (ECB) would have to seek the approval of the central bank under the approval route, the RBI said. It also asked the designated authorized dealer banks to ensure compliance with the norms while certifying the ECB application under both the automatic and the approval route.

RBI asks PSBs to consider merging with urban cooperative banks

After all efforts of consolidating large banks failed, government and RBI (Reserve Bank of India) has asked public sector banks (PSBs) to consider taking over urban cooperative banks. Both government and the apex bank are keen to see the struggling cooperative banks merging with commercial banks. Taking initiative in this matter, Bank of Baroda has already sent a formal proposal to the finance ministry to take over the Mumbai-based Memon Cooperative Bank. Memon Cooperative Bank has 18 branches across Maharashtra and Gujarat. RBI had suspended the operations of Memon Cooperative Bank in May, 2009 due to its huge liabilities. Other PSBs are also expected to take similar initiative to merge with cooperative banks. There are 53 scheduled cooperative banks in the country.

Passenger car sales jump 39.5% in April

Domestic passenger car sales in India registered an impressive growth of 39.5% in April, signalling that auto rally is set to continue despite the partial roll back of the fiscal stimulus package in the FY11 budget and rise in the marginal increase of prices. Sales have been boosted by soft rate regime prevailing in the country despite the RBI hiking its policy and reserve rates twice in the current year, so far and launch of a number of new models by car makers in an increasingly competitive space. The total car sales in the country stood at 143,976 units in the month under review, compared with 103,227 units sold in the same month a year ago, showed the data released by the Society of Indian Automobile Manufacturers (SIAM).

Durables sector grows by 30% in Q4 of FY10

Riding on a sustained demand, the durables industry has registered a year-on-year growth of 30% in the quarter ended March 31, 2010. The consumer sentiments have been very positive, an upbeat with higher disposable incomes and strong growth in the domestic economy. The uptick in rural demand for the durables and appliances looks promising for the sector going forward. While releasing the data, the Consumer Electronics and

Appliances Manufacturers Association, an apex body for durables and appliances, affirmed that the reported quarter saw phenomenal sales especially in the display category which includes conventional flat panel displays (FPDs, LCDs and flat screen televisions). While FPD registered a growth of 70%, air-conditioners sales increased by 50% and home appliances business grew by 40%.

Fertiliser subsidy in FY10 stood at Rs 64,032.30 crore

The Indian government has said that the total fertiliser subsidy burden for the fiscal year 2009-10 stood at Rs 64,032.30 crore, compared with Rs 99,494.71 crore during the financial year 2008-09. The subsidy delivered in 2008-09 included Rs 79,494.71 crore in cash and Rs 20,000 crore in the form of bonds. The subsidy outgo in the year 2008-09 had surged on account of higher prices of finished fertilizers and raw material in the international market, said a government release. The global commodity shock in the first half of 2008-09 had lead to sharp increase in prices of crude and most other commodities leading to surge in government's subsidy expenditure as it tried to insulate the farmers from price volatility.

RBI doubles ceiling on collateral-free loans to MSEs

The Reserve Bank of India (RBI) has increased the ceiling on collateral-free loans to micro and small enterprises (MSEs) to Rs 10 lakh from the existing Rs 5 lakh. The move is aimed at ensuring smooth flow of credit to the small scale players amidst rising inflation and cost of production. The RBI decision is based on the recommendations of a working group constituted by it to review the CGS of the Credit Guarantee Fund Trust for micro and small enterprises. The report of the group, headed by RBI executive director, V K Sharma, was released on 6 March 2010.

Textile ministry allocates Rs 3,600 crore for TUFS

The textile ministry has allocated Rs 3,600 crore for modernisation of the industry under the Technology Upgradation Fund Scheme (TUFS) for the current fiscal. The textile industry has been asking for a higher allocation for the scheme in wake of the slowdown in western demand and increase in competition in export markets as a result. The figure, while higher than Rs 3,100 crore initially proposed by the textile ministry, is lower than Rs 4,500 crore demanded by the textile industry. The Confederation of Indian Textile Industry (CITI) has been saying that the scheme would require Rs 1,500 crore for meeting the July-December 2009 backlog itself. Further, additional Rs 3,000 crore was required for January-December 2010 period, thus taking the figure to Rs 45,00 crore.

India's PMI grows fastest in two years in May

India's manufacturing sector recorded fastest growth in two years in May riding on sharp increase in new orders, even as cost of production is rising rapidly too. The seasonally adjusted HSBC Purchasing Managers' Index (PMI) climbed to its highest level since February 2008 in May at 59.0, up from 57.2 in April. The PMI had earlier dropped in March and April, indicating some loss of momentum owing to roll back of stimulus and sharp increase in manufacturing inflation. However, the latest figure underlines considerable strength in the economy, which grew 8.6% in the March quarter, the strongest in two years, according to the data released on Monday. Key driver behind the sharp increase were new orders which expanded at a substantial pace. Most respondents linked to sharp surge in new orders to favourable economic conditions, strong market demand (from both public and private sectors) and good business reputations. Data revealed that the domestic market remained the primary driver of overall new order growth, even as new export orders continued to increase at a robust pace.

India approaches WTO against EU drug seizures

India, along with Brazil, knocked the doors of the World Trade Organisation (WTO) protesting the seizure of generic medicines in transit at the port of the European Union and the Netherlands. The two sides tried to resolve the issue outside the court but failed to do so and India finally decided to approach the WTO. However, there is still a hope that the dispute can be addressed through mutual negotiations. This is because the first stage of a case at the WTO only involves a request from the multilateral trade agency to all the concerned parties to negotiate the issue. However, India and Brazil expect that the involvement of the WTO will add pressure on the EU to quickly resolve the matter.

DIPP mulls 100% FDI in multi-brand retail

In a bid to enhance competition in the country's retail segment, the Commerce and Industry Ministry is likely to propose 100% Foreign Direct Investment (FDI) in multi-brand retail. However, it is likely to suggest stiff local sourcing requirements and mandatory investments in backward linkages. The proposal, if implemented, will open the door to the likes of Wal-Mart and Tesco to start their operation in India. "We are preparing the paper that will be placed for public debate in some time," a senior official of the Department of Industrial Policy and Promotion (DIPP), the nodal body for foreign investment policy has said. However, a final decision on the proposed cap will be taken after due deliberations with the consumer affairs ministry.

Company Name	Year End	NOM	Equity Rs. Mn.	FV	Promoter Stk %	BV Rs.	RONW (%)	Sales Rs. Mn.	Sales Var (%)	OPM (%)	NP Rs. Mn.	NP Var (%)	DIV (%)	CPS (Rs.)
Full Year														
AGC Networks	200909	12	142.30	10	59.13	164.53	6.70	5156.47	-9.59	6.33	153.70	-10.68	35	16.76
Astra Microwave	201003	12	108.09	2	19.03	22.84	12.18	1067.75	-8.60	24.22	81.60	-43.82	25	3.57
Bharti Airtel	201003	12	18982.40	5	67.83	145.01	32.35	356095.40	4.69	38.57	94261.60	21.72	20	35.07
Dhanus Technology	200906	12	179.43	10	26.94	152.73	7.49	1172.69	-39.92	50.43	195.71	-67.72		29.52
Gemini Comm	201003	12	97.18	1	35.03	8.79	0.66	2131.44	9.04	29.14	88.13	-	5	3.12
Gold.Infra	201003	12	144.09	4	50.75	25.18	7.46	655.82	28.15	22.63	67.70	2.53	10	2.67
GTL Infrastructure	201003	12	8161.64	10	53.42	14.82	0.26	3479.55	57.56	64.43	-25.80	-	-	2.04
Hathway Bhawani Cab.	201003	12	80.00	10	56.09	5.35	5.18	122.48	0.14	6.52	1.48	-70.34	-	1.16
HFCL Infotel	201003	12	5255.17	10	53.36	-11.17	-	1962.09	-12.24	2.48	-207.89	-	-	1.21
Himachal Fut. Comm	201003	12	4427.91	10	2.00	1.29	-102.54	2049.23	47.32	-22.33	-1125.34	-	-	-1.88
Idea Cellular	201003	12	31000.95	10	46.99	36.37	13.49	118957.70	19.96	24.60	10536.60	4.51	-	7.89
IOL Netcom	201003	12	273.53	10	4.01	30.63	-13.70	179.96	-51.53	18.31	-84.23	-	-	1.01
ITI	201003	12	2880.00	10	92.98	-96.42		46612.40	161.09	-2.81	-2944.30	-	-	-9.29
Kavveri Telecom	201003	12	98.23	10	14.61	47.74	26.98	2009.84	11.30	28.93	311.47	174.62	10	33.33
MTNL	201003	12	6300.00	10	56.25	189.88	1.42	37704.15	-17.61	-62.14	-24817.02	-	10	-27.83
Mobile Tele Commun.	201003	12	119.00	1	55.63	1.58	2.19	494.40	42.94	3.27	7.18	76.41	-	0.08
NELCO	200909	18	228.18	10	50.10	10.99	14.48	3405.00	-	8.62	32.80	-	6	5.09
Nu Tek India	201003	12	172.59	5	43.73	92.17	13.24	1859.82	16.91	14.72	166.54	2.45	10	5.29
Pren.Elec	201003	12	138.49	10	74.62	17.77	16.76	285.70	-25.44	10.43	0.20	-99.48	-	1.29
Pujjab Comm.	201003	12	120.24	10	71.21	89.42	2.52	1108.62	-14.52	2.39	14.06	-18.92	-	1.90
Rel. Commn	201003	12	10320.10	5	67.58	250.44	12.55	122906.10	-9.70	8.87	4789.30	-90.03	16	9.64
Shyam Telecom	201003	12	112.70	10	66.28	44.52	0.39	2902.56	56.66	0.65	-56.56	-	-	-1.90
South.Online	201003	12	327.14	10	18.16	16.75	3.07	383.23	-2.93	13.74	15.26	-29.58	-	1.03
Spice Comm	200903	15	6899.25	10	98.90	-2.65	-329.77	15804.76	-	24.01	-10152.27	-	-	-7.49
Spice Mobiles	201003	15	223.91	3	63.25	10.28	1.33	10417.00	54.76	10.48	705.00	-	9	9.59
Tata Comm.	201003	12	2850.00	10	76.15	238.53	7.73	32180.40	-14.17	27.10	4831.80	-6.35	45	37.12

Scorecard Legends : NOM - Number of Months for which P& L a/c is prepared by the companies, Equity Rs.Mn - Latest Paid Up Capital of the Company, FV-Latest Face values of equity Shares, Promoter Stk % - Its promoter holding in the equity capital of the company as per latest shareholding pattern, BV Rs. - Book Value Per Share is calculated as (Equity + reserves) / No of Equity shares, RONW - Return on Net Worth is calculated as {(Net profit - preference capital)/ Shareholder's Fund }*100.Share- holders funds includes Equity Paid Up + Reserves excluding revaluation reserves - Misc Expenditures Not written off, Sales Rs. Mn - Sales , Turnover & Income from operations,Sales Var% - Percentage Change in Sales over previous period Sales, OPM% - Operating Profit after interest expended as a % of Interest income & income from operation, NP Rs. Mn - Net Profit as reported after Tax, NP Var% - Percentage Change in Net profit over previous period Net profits, Div% - Total % of Dividend Declared during latest Financial year.

	Latest Quarter					TTM			Market Data				
EPS Rs.	Sales Rs. Mn.	Sales Var (%)	OPM (%)	NP Rs. Mn.	NP Var(%)	Ended	EPS Rs.	NP Var (%)	Price 02/06/10	H52W	L52W	PE	Mkt. Cap (Rs. Mn.)
10.80	1313.00	2.90	11.48	93.11	5543.03	201003	24.64	85.14	261.45	310.30	88.60	10.61	3720.43
1.51	485.88	-6.33	32.36	91.45	7.85	201003	1.61	-66.24	57.00	96.70	55.55	35.32	3080.62
24.82	89119.20	-1.16	36.45	21296.10	2.63	201003	24.82	17.85	270.20	467.00	229.50	10.89	1025808.79
10.91	127.93	-34.10	54.87	1.64	-84.74	201003	1.51	-	15.81	45.70	13.10	10.46	283.67
0.91	797.60	15.45	18.97	-21.41	-	201003	0.91	93.43	32.00	51.60	13.50	35.29	3109.76
1.88	192.81	3.91	15.61	9.80	-	201003	1.88	15.60	26.75	41.10	17.15	14.26	963.62
-0.03	1031.15	60.90	-9.72	-64.48	-	201003	-0.03	-	36.15	49.70	29.75	-	29504.33
0.19	29.43	-2.26	1.39	-1.52	-	201003	0.19	-234.90	7.87	19.20	6.68	42.26	62.96
-0.34	451.72	-12.98	-28.94	603.98	-	201003	-0.34	-	9.23	15.35	4.99	-	4850.52
-2.43	568.18	58.74	-107.74	-514.68	-	201003	-2.40	-	10.23	17.40	9.26	-	4529.75
3.19	32395.90	14.37	25.24	2624.90	-13.73	201003	3.22	5.17	53.45	91.70	47.05	16.59	165700.08
-3.08	8.75	-87.61	-185.49	-45.41	-	201003	-3.08	-	16.95	58.00	15.15	-	463.64
-10.22	16019.40	60.67	-1.88	-554.00	-	201003	-10.22	-	41.40	66.80	33.90	-	11923.20
30.96	533.18	65.99	23.88	66.52	-	201003	31.01	63.68	104.30	118.00	38.00	3.36	1024.59
-39.39	9002.27	-17.04	-211.57	-15746.65	-	201003	-39.32	-	55.05	123.70	53.30	-	34681.50
0.06	258.20	52.04	-1.56	-9.00	-	201003	0.06	38.21	3.99	5.00	1.53	66.22	474.81
1.44	414.50	-62.85	2.44	-29.40	-	201003	8.27	-	113.95	152.45	35.60	13.77	2600.05
4.82	568.43	7.90	13.80	57.14	-	201003	4.82	2.46	31.00	55.00	21.00	6.43	1070.08
0.01	85.20	-2.41	23.59	9.20	441.18	201003	0.01	-	42.55	63.00	17.10	-	589.25
1.17	21.22	-55.67	-25.40	-10.49	-	201003	1.17	-23.31	82.65	122.10	21.00	70.63	993.75
2.32	30926.20	-2.53	8.31	2645.20	-76.79	201003	2.32	-391.29	154.60	359.00	131.80	66.63	319097.49
-5.02	894.91	116.72	0.87	-8.66	-	201003	-5.02	-	65.05	99.40	55.90	-	733.11
0.46	119.49	39.43	10.96	5.36	69.62	201003	0.46	-41.98	27.30	33.90	13.00	59.56	893.09
-14.72	3627.20	10.10	11.18	-672.70	-	200912	-2.69	-	56.75	83.30	49.90	-	39153.24
9.45	3395.00	98.27	10.49	233.00	217.01	201003	9.47	99.12	73.30	82.30	12.20	7.74	5470.97
16.95	8461.70	-4.60	26.97	1589.90	-47.42	201003	16.95	-6.44	240.55	561.90	230.25	14.19	68556.75

CPS Rs. - Cash Profit per Shares, EPS Rs. - Earning Per Shares is calculated as Net Profit / Number of Equity Shares, Sales Rs. Mn - Sales ,Turnover & Income from operations for Latest Quarter, Sales Var% - Percentage Change in Sales for Latest Quarter over previous Corresponding Quarter Sales, OPM% - Operating Profit after interest expended as a % of Interest income & income from operation for Latest Quarter,NP Rs. Mn - Net Profit as reported after Tax for Latest Quarter,NP Var% - Percentage Change in Net profit for Latest Quarter over Previous quarter Net profits, Ended - Trailing Twelve months Ended On, TTMEPS - Earning Per Shares is calculated as TTM Net Profit / Number of Equity Shares,TTMNP Var% - Percentage Change in TTM Net profit over Corresponding previous TTM Net profits, H52 - High Price during last 52 Week,L52 - Low Price during last 52 Week,PE - Market Price / TTM Earning Per Shares,Market cap Rs.Mn - Market Capitalisation is calculated as Latest price multiplied by No of Equity Shares outstanding.

Company Name	Year End	Price (Rs.) (02/06)	Yield (%)	EPS (Rs.)	FV	PE	TTM Year End	TTM NP Rs. ml	TTM EPS (Rs.)	TTM PE	52-Wk High (Rs.)	52-Wk Low (Rs.)
Varun Shipping Company Ltd.	200903	43.60	11.36	8.19	10	5.33	201003	125.53	0.84	52.58	70.40	42.80
Castrol India Ltd.	200912	380.95	6.28	30.82	10	12.36	201003	4219.60	17.06	23.32	392.40	163.25
HCL Infosystems Ltd.	200906	110.35	5.87	15.21	2	7.25	201003	2582.80	11.83	9.35	188.80	98.00
EID-Parry (India) Ltd.	200903	374.30	5.39	80.37	2	4.66	201003	2052.80	23.76	15.61	419.00	233.00
Navneet Publications (I) Ltd.	200903	48.50	5.33	6.18	2	7.84	201003	684.70	2.87	16.98	57.20	25.70
Indian Overseas Bank Ltd	200903	88.95	4.99	24.34	10	3.66	201003	7069.62	12.98	6.94	141.00	75.10
Vijaya Bank Ltd	201003	60.70	4.73	11.70	10	5.19	201003	5072.99	11.70	5.23	61.05	37.00
SRF Ltd.	200903	221.05	4.64	26.91	10	8.22	201003	3094.20	51.14	4.34	242.85	98.05
Binani Cement Ltd.	201003	79.25	4.38	13.88	10	5.71	201003	2819.16	13.88	5.76	88.70	45.50
Bank Of India Ltd	201003	328.25	2.45	33.08	10	9.92	201003	17410.69	33.15	10.12	474.70	295.30
Mastek Ltd.	200906	239.95	4.08	35.56	5	6.75	201003	619.46	22.99	10.67	462.00	192.10
PSL Ltd.	200903	120.85	4.04	20.12	10	6.01	201003	883.00	16.52	7.50	188.40	98.05
Shipping Corpn. Of India Ltd.	200903	161.15	3.97	22.21	10	7.25	201003	3769.10	8.90	18.39	181.90	111.50
Alok Industries Ltd.	200903	19.10	3.89	9.56	10	2.00	201003	2424.50	3.08	6.27	29.50	15.80
Syndicate Bank Ltd	201003	90.80	3.78	15.58	10	5.83	201003	8133.18	15.58	5.94	105.40	64.05
Balrampur Chini Mills Ltd.	200909	80.45	3.76	8.82	1	9.12	201003	2131.26	8.25	9.68	167.30	67.10
Andhra Bank Ltd	201003	133.90	3.75	21.56	10	6.21	201003	10458.48	21.56	6.19	138.50	74.30
Karnataka Bank Ltd.	200903	163.50	3.65	21.93	10	7.45	201003	1671.20	12.47	13.17	175.80	108.45
Uflex Ltd.	200903	111.75	3.52	16.09	10	6.94	201003	892.40	13.73	8.27	131.00	67.40
ISMT Ltd.	200903	47.05	2.13	3.84	5	12.26	201003	733.50	5.01	9.38	64.90	23.60
Allahabad Bank Ltd	201003	160.40	3.38	27.01	10	5.94	201003	12063.27	27.01	6.02	177.00	68.10
Balmer Lawrie & Company Ltd.	200903	608.50	3.26	62.39	10	9.75	201003	1083.20	66.51	9.21	754.00	402.00
Tata Steel Ltd.	200903	484.10	3.25	71.20	10	6.80	201003	50468.00	56.88	8.65	737.00	330.60
Graphite India Ltd.	200903	92.15	3.20	12.81	2	7.19	201003	2321.60	13.41	6.98	111.90	39.00
IDBI Bank Ltd	200903	110.85	2.22	11.85	10	9.36	201003	10311.30	14.23	7.92	140.00	85.10
Indian Bank Ltd	201003	224.50	2.86	36.18	10	6.20	201003	15549.87	36.18	6.29	236.40	115.20
Nocil Ltd.	200903	20.80	2.83	2.25	10	9.25	201003	340.30	2.12	10.02	32.70	18.75
Oriental Bank Of Comm. Ltd	201003	325.75	2.75	45.29	10	7.19	201003	11346.80	45.29	7.32	357.00	152.00
ACC Ltd.	200912	826.00	2.72	85.58	10	9.65	201003	16070.95	85.60	9.87	1017.00	686.20
Bharat Bijlee Ltd.	201003	916.00	2.69	72.94	10	12.56	201003	412.24	72.94	12.76	1170.00	680.20
Electrosteel Castings Ltd.	200903	45.85	2.68	4.89	1	9.38	201003	2062.89	6.31	7.39	56.15	25.75
Akzo Nobel India Ltd.	200903	596.15	2.67	77.38	10	7.70	201003	1592.60	43.24	13.88	679.80	450.00
Rain Commodities Ltd.	200912	136.55	2.64	21.83	10	6.25	201003	1246.65	17.60	7.95	255.70	110.50
3I Infotech Ltd.	201003	64.90	2.27	7.88	10	8.24	201003	1329.90	6.93	9.52	103.00	60.15
Orient Paper & Inds. Ltd.	200903	57.05	2.60	10.37	1	5.50	201003	1593.08	8.26	6.99	66.35	42.35

Rs. in million

Company Name	Net Sales		Change In Sales	% Change in Sales	Net Profit		Change In Net Profit	% Change in Net Profit
	201003 Qtr	200903 Qtr			201003	200903		
Prism Cement	21162.20	252.30	20909.90	8287.71	998.60	-107.90	1106.50	-
Amrap.Ind	9374.11	366.44	9007.67	2458.16	24.39	-27.78	52.17	-
DLF	7819.70	555.30	7264.40	1308.19	4110.10	298.60	3811.50	1276.46
TCFC Finance	796.56	60.34	736.22	1220.12	5.58	-13.28	18.86	-
South.Ispat	971.34	76.85	894.49	1163.94	15.95	10.62	5.33	50.19
JM Financial	721.36	67.74	653.62	964.90	279.74	49.83	229.91	461.39
Kothari Products	2027.20	191.70	1835.50	957.49	259.70	33.20	226.50	682.23
Unitech	6023.10	636.20	5386.90	846.73	1448.70	32.90	1415.80	4303.34
Sturdy Industries	1451.75	200.80	1250.95	622.98	15.97	1.35	14.62	1082.96
JP Power Ven	4020.20	608.10	3412.10	561.11	1357.40	-255.20	1612.60	-
Lloyds Metals	1740.72	273.24	1467.48	537.07	267.98	23.62	244.36	1034.55
IAG Company	582.47	97.03	485.44	500.30	44.58	87.25	-42.67	-
Artson Engg	442.12	80.98	361.14	445.96	27.64	-23.33	50.97	-
Concurrent (I) Infra	515.32	95.73	419.59	438.31	47.51	-1.14	48.65	-
Brels Infotech	404.38	83.60	320.78	383.71	18.05	0.13	17.92	13784.60
Shree Renuka Sugar	15570.00	3241.00	12329.00	380.41	1959.00	241.00	1718.00	712.86
Monsanto India	312.90	67.50	245.40	363.56	-84.50	-267.40	182.90	-
Veejay Lakshmi Engg	233.90	52.70	181.20	343.83	14.40	-27.80	42.20	-
Birla Shloka Edutech	576.87	130.65	446.22	341.54	4.90	4.43	0.47	10.61
Man Aluminium	341.30	78.00	263.30	337.56	4.90	-2.00	6.90	-
Vijay Shanthi	305.98	70.14	235.84	336.24	6.69	5.49	1.20	21.86
Suashish Diamonds	3548.43	815.91	2732.52	334.91	187.69	-200.65	388.34	-
Sumeet Inds	1349.00	315.47	1033.53	327.62	22.97	12.80	10.17	79.45
Parsvnath Developers	3065.52	720.58	2344.94	325.42	301.05	135.52	165.53	122.14
KIC Metalik	2088.97	492.65	1596.32	324.03	94.13	-118.23	212.36	-
Aadi Industries	284.57	67.59	216.98	321.02	5.50	2.33	3.17	136.05
IBull Real	252.07	60.57	191.50	316.16	56.57	-38.97	95.54	-
Omaxe	3143.53	768.52	2375.01	309.04	413.01	-318.28	731.29	-
Rana Sugars	2859.65	701.36	2158.29	307.73	309.34	-37.07	346.41	-
Vanasthali Textile	318.17	79.04	239.13	302.54	-79.95	-24.08	-55.87	-
Dredging Corp	1411.60	354.00	1057.60	298.76	269.90	-112.40	382.30	-
Nile	482.65	124.17	358.48	288.70	-11.08	5.19	-16.27	-
Agarwal Indl. Corp	256.83	66.26	190.57	287.61	2.53	-2.41	4.94	-
Marg Project & Infra	362.95	94.94	268.01	282.29	12.79	7.66	5.13	66.97
Hs. of Pearl Fashion	212.96	56.16	156.80	279.20	-2.24	-11.69	9.45	-
JHS Svendgaard	203.22	53.62	149.60	279.00	32.61	16.55	16.06	97.04
Baba Arts	335.70	89.64	246.06	274.50	8.18	6.50	1.68	25.85
Syncom Formulations	293.78	79.73	214.05	268.47	13.44	-24.19	37.63	-
India Steel Works	272.39	75.32	197.07	261.64	-119.87	-98.59	-21.28	-
Salzer Electronics	498.09	139.81	358.28	256.26	24.97	11.81	13.16	111.43
Marathon Nextgen	755.51	213.43	542.08	253.99	478.68	96.42	382.26	396.45
MMTC	172301.00	48741.70	123559.00	253.50	989.50	399.70	589.80	147.56
Supertex Industries	210.80	60.00	150.80	251.33	2.60	53.40	-50.80	-95.13
Manappuram Gen Fin	1914.60	551.28	1363.32	247.30	520.57	88.74	431.83	486.62
Aarey Drugs	204.58	62.80	141.78	225.76	4.23	1.47	2.76	187.76
Nirlon	232.60	71.50	161.10	225.32	-96.42	114.10	-210.52	-
Brigade Enterprises	1382.20	426.47	955.73	224.10	319.53	156.08	163.45	104.72
MahLifeSc	1009.60	312.20	697.40	223.38	236.90	141.00	95.90	68.01
Hind Oil Exploration	800.16	251.82	548.34	217.75	205.05	170.45	34.60	20.30
Vinyl Chemicals	396.90	125.30	271.60	216.76	41.40	12.50	28.90	231.20

Company Name	Year End	Price (02/06) Rs.	EPS	FV	PE
MMTC Ltd.	200903	29405.50	28.04	10	1048.57
GTL Infrastructure Ltd.	200903	36.15	0.03	10	1037.20
Cairn India Ltd.	200903	290.50	0.29	10	1015.81
Pipavav Shipyard Ltd	200903	86.15	0.08	10	1015.37
Jai Balaji Inds. Ltd.	200903	198.50	0.27	10	730.15
BF Utilities Ltd.	200809	718.95	1.23	5	585.30
JM Financial Ltd.	200903	39.45	0.11	1	371.29
Entertainment Network (India) Ltd.	200903	224.00	0.61	10	366.66
GVK Power & Infrastructure Ltd.	200903	42.75	0.15	1	286.25
Godrej Industries Ltd.	200903	148.50	0.58	1	254.23
Jubilant FoodWorks Ltd.	200903	287.10	1.16	10	247.65
Indiabulls Real Estate Ltd.	200903	154.40	0.64	2	240.08
Radico Khaitan Ltd.	200903	121.00	0.64	2	189.68
Max India Ltd.	200903	160.85	0.98	2	163.56
Bajaj Finserv Ltd	200903	461.95	2.86	5	161.59
Reliance Power Ltd	200903	156.75	1.04	10	150.94
IRB Infrastructure Developers Ltd	200903	256.90	1.73	10	148.87
Jai Corp Ltd.	200903	227.20	1.58	1	143.55
Aptech Ltd.	200812	134.65	1.02	10	131.84
Reliance Natural Resources Ltd.	200903	54.00	0.43	5	126.22
Nirlon Ltd.	200903	61.30	0.50	10	122.79
Edelweiss Capital Ltd	200903	418.05	3.52	5	118.79
Karuturi Global Ltd	200903	13.24	0.11	1	118.71
IL&FS Transportation Networks Ltd.	200903	279.10	2.45	10	113.72
Future Capital Holdings Ltd	200903	156.60	1.47	10	106.87
Kiri Dyes and Chemcials Ltd	200903	600.10	5.65	10	106.30
Kotak Mahindra Bank Ltd.	200903	754.35	7.99	10	94.44
IVRCL Assets & Holdings Ltd	200903	115.45	1.34	10	86.26
VIP Industries Ltd.	200903	254.55	3.29	10	77.33
TVS Motor Company Ltd.	200903	101.15	1.31	1	77.29
Zydus Wellness Ltd	200903	467.85	6.09	10	76.80
United Breweries Ltd.	200903	195.00	2.60	1	74.90
Firstsource Solutions Ltd.	200903	26.10	0.35	10	73.98
Motherson Sumi Systems Ltd.	200903	141.10	1.96	1	72.14
Arshiya International Ltd.	200903	217.70	3.15	2	69.19
Sterlite Industries (India) Ltd.	201003	634.55	9.89	2	64.13
Jain Irrigation Systems Ltd.	200903	1059.40	16.66	10	63.58
Titan Industries Ltd.	200903	2203.80	35.81	10	61.54
Assam Company India Ltd.	200812	19.90	0.33	1	60.47
KSK Energy Ventures Ltd.	200903	180.60	2.99	10	60.32
Trent Ltd.	200903	825.05	13.70	10	60.23

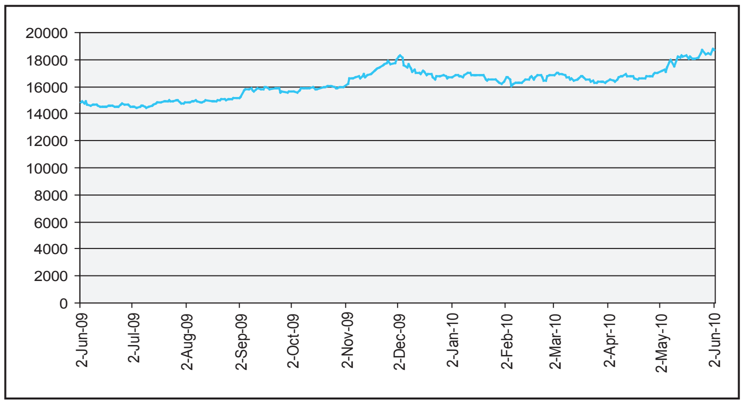
EPS Earning Per Shares is calculated as Net Profit / Number of Equity Shares (Rs)
FV Latest Face values of equity Shares (Rs)
PE Market Price / Trailing Twelve Months Earning Per Shares

Company Name	Year End	Price (02/06) Rs.	EPS	FV	PE
Cranes Software Intl. Ltd.	200903	11.81	9.80	2	1.20
DB Realty Ltd.	200903	404.90	307.40	10	1.32
Alok Industries Ltd.	200903	19.10	9.56	10	2.00
Great Eastern Shipping Company Ltd.	200903	294.85	90.27	10	3.27
Indian Overseas Bank Ltd	200903	88.95	24.34	10	3.66
ICSA (India) Ltd.	200903	125.25	33.69	2	3.72
Kesoram Industries Ltd.	200903	320.05	83.83	10	3.82
Gujarat State Fertilizers & Chemicals Ltd.	200903	242.90	62.57	10	3.88
Gujarat Alkalies & Chemicals Ltd.	200903	118.80	26.18	10	4.54
State Bank Of Travancore Ltd	201003	634.60	136.85	10	4.64
EID-Parry (India) Ltd.	200903	374.30	80.37	2	4.66
Gujarat Fluorochemicals Ltd.	200903	149.40	30.96	1	4.83
Tanla Solutions Ltd.	200903	36.50	7.33	1	4.98
Geodesic Ltd.	200903	106.35	20.76	2	5.12
Bharati Shipyard Ltd.	200903	250.10	48.36	10	5.17
Vijaya Bank Ltd	201003	60.70	11.70	10	5.19
Varun Shipping Company Ltd.	200903	43.60	8.19	10	5.33
Orient Paper & Inds. Ltd.	200903	57.05	10.37	1	5.50
Central Bank Of India Ltd	201003	145.75	26.18	10	5.57
Indian Metals & Ferro Alloys Ltd.	200903	695.10	122.25	10	5.69
Binani Cement Ltd.	201003	79.25	13.88	10	5.71
Syndicate Bank Ltd	201003	90.80	15.58	10	5.83
MIC Electronics Ltd.	200906	36.60	6.17	2	5.93
Allahabad Bank Ltd	201003	160.40	27.01	10	5.94
Mercator Lines Ltd.	200903	45.85	7.67	1	5.97
PSL Ltd.	200903	120.85	20.12	10	6.01
Dena Bank Ltd	200903	89.50	14.74	10	6.07
Tinplate Company Of India Ltd.	200903	73.05	12.00	10	6.09
Indian Bank Ltd	201003	224.50	36.18	10	6.20
Andhra Bank Ltd	201003	133.90	21.56	10	6.21
IFCI Ltd.	200903	53.80	8.60	10	6.25
Rain Commodities Ltd.	200912	136.55	21.83	10	6.25
Jindal Steel & Power Ltd.	200903	626.80	99.32	1	6.31
Reliance Communications Ltd.	200903	154.60	23.27	5	6.64
Tamil Nadu Newsprint & Papers Ltd.	200903	103.60	15.52	10	6.68
Madras Cements Ltd.	200903	102.25	15.28	1	6.69
Mastek Ltd.	200906	239.95	35.56	5	6.75
Lakshmi Energy & Foods Ltd.	200909	97.85	14.39	2	6.80
Tata Steel Ltd.	200903	484.10	71.20	10	6.80
Uflex Ltd.	200903	111.75	16.09	10	6.94
Deepak Fertilisers & Petrochemicals Corpn.	200903	117.60	16.86	10	6.98

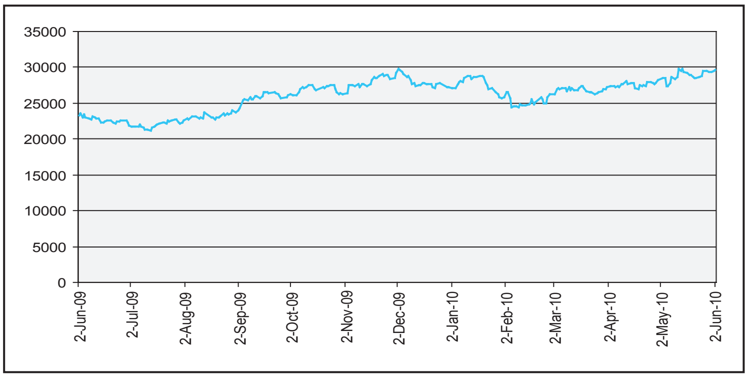
EPS Earning Per Shares is calculated as Net Profit / Number of Equity Shares (Rs)
FV Latest Face values of equity Shares (Rs)
PE Market Price / Trailing Twelve Months Earning Per Shares

Gold

Date	Price Rs.
2-Jun-10	18723.35
3-May-10	17180.00
3-Apr-10	16510.00
2-Mar-10	16841.65
2-Feb-10	16722.50
2-Jan-10	16677.00
2-Dec-09	18259.55
3-Nov-09	16250.00
3-Oct-09	15645.00
2-Sep-09	15250.00
3-Aug-09	14852.50
2-Jul-09	14496.25
2-Jun-09	14852.50



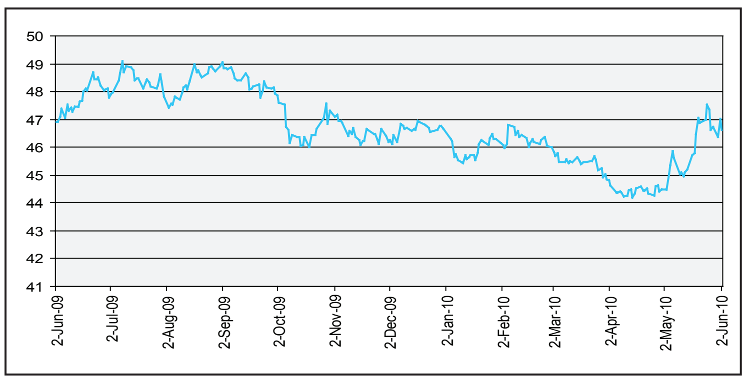
Silver



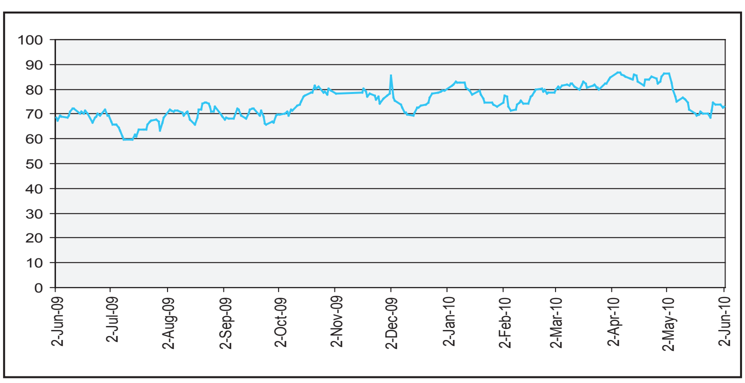
Date	Price Rs.
2-Jun-10	29576.25
3-May-10	28437.75
3-Apr-10	27348.75
2-Mar-10	26187.20
2-Feb-10	26490.00
2-Jan-10	27050.00
2-Dec-09	29800.00
3-Nov-09	26400.00
3-Oct-09	26050.00
2-Sep-09	24261.50
3-Aug-09	22850.75
2-Jul-09	21681.00
2-Jun-09	23250.00

Currency

Date	Price Rs
2-Jun-10	46.61
3-May-10	44.49
2-Apr-10	44.63
2-Mar-10	45.82
2-Feb-10	46.07
4-Jan-10	46.29
2-Dec-09	46.28
2-Nov-09	47.09
2-Oct-09	47.62
2-Sep-09	48.86
3-Aug-09	47.43
2-Jul-09	47.93
2-Jun-09	46.90



Crude



Date	Price $
2-Jun-10	72.86
3-May-10	86.19
1-Apr-10	84.87
2-Mar-10	79.68
2-Feb-10	77.23
4-Jan-10	81.51
2-Dec-09	85.44
2-Nov-09	78.04
2-Oct-09	69.58
2-Sep-09	67.78
3-Aug-09	71.65
2-Jul-09	66.87
2-Jun-09	68.41

Franklin India Bluechip (G)

Franklin India Bluechip (Growth) is a Franklin Templeton Asset Management (India) managed open-ended, Equity - large-cap scheme.

The fund was launched on December1, 1993 and its current net asset as on April 30, 2010 was Rs 2956.37 crore.

The benchmark index of the fund is BSE Sensex and the custodian of the fund is Deutsche Bank A.G.

The current net asset value (NAV) of the fund as on June 2, 2010 was Rs 187.61; while the 52 week high NAV was Rs 198.11 on April 7, 2010 and the 52 week low NAV for the scheme was Rs 141.68 on July 13, 2009.

The minimum investment to the fund is Rs 5000 and additional investments can be made in multiples of Rs 1000.

The investment objective of the fund is to achieve steady and consistent capital appreciation through investment in well-established, large size bluechip companies and provide medium to long-term capital appreciation.

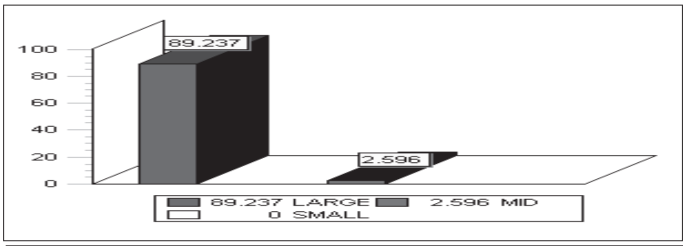
The top five holdings of the fund are:

Company	Infosys	HDFC Bank	RIL	Bharti Airtel	ICICI Bank
% Holding	7.87	6.74	5.94	5.85	4.18

Industry-wise the fund has the maximum contribution of 17.48% from the banking sector followed by 10.01% from Consumer Durables, 8.64% from Software, 8.47% from petroleum products and 7.68% from Telecom Services.

As far as market capitalization-wise companies are concerned, the scheme's portfolio consists of 89.24% from Large-cap, 2.60% from Mid-cap companies.

The fund has given a return of 41.19% since inception and a return of 76.15% in last one year, while the category average in the same period has been 17.84% and 68.61% respectively.

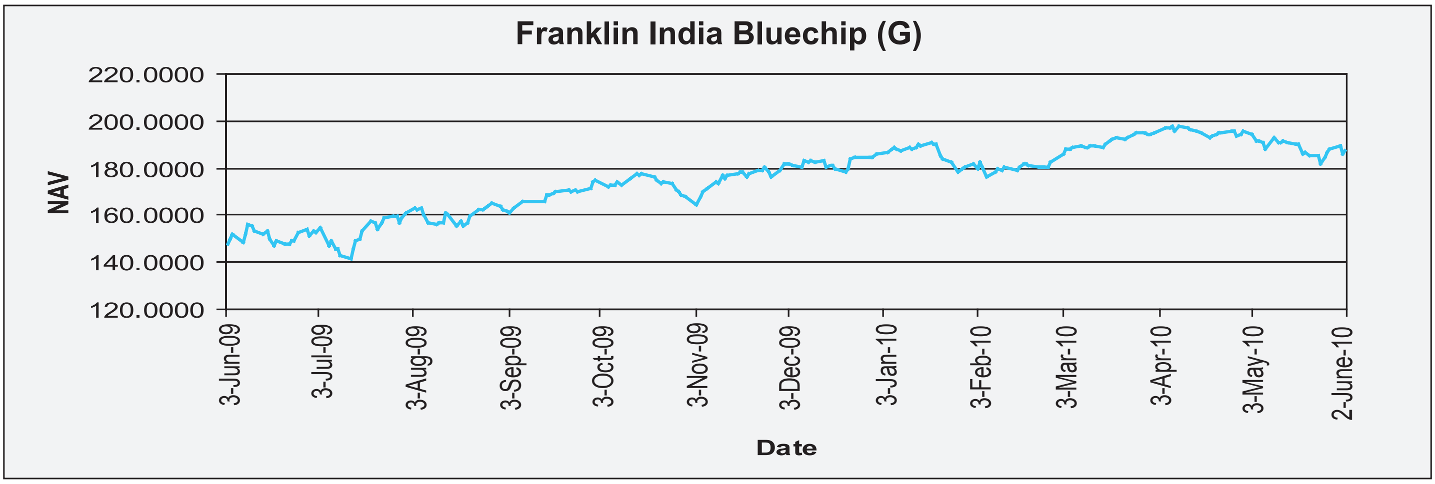


Market cap-wise Allocation Style	
Average Mkt Cap (Rs Cr)	59678.01
Market Capitalization	% of Portfolio
Large	89.24
Mid	2.60
Small	--
Note: Large-Cap = 5000 Crs. and above, Mid-Cap = 2000 Crs. to 5000 Crs. and Small-Cap = less than 2000 Crs	

As on March 31, 2009 the major companies included in the scheme was Punjab National Bank with holding of 1.65% while the companies that were excluded from the portfolio include HUL with holding of 1.30%, Cipla with holding of 0.57% and M&M with holding of 0.12%.

Outlook

Franklin India Bluechip (Growth) scheme is an open-ended, Equity - Large-cap scheme of Franklin Templeton Asset Management being managed by Anand Radhakrishnan. This scheme is large cap based equity scheme that aims to achieve steady and consistent capital returns through investment in well established, large size companies. FIBCF has a proven track record and has delivered 25.88% annualized returns since inception. Franklin Templeton AMC is a globally renowned company with a proven track record; as far as the scheme is concerned it is having a well balanced blend of companies chosen from diversified sectors and have been consistent perform to be relied upon.



Last one year NAV Graph

Duration	1 Week %	1 Mth %	3 Mth %	6 Mth %	1 Year %	3 Year %	5 Year %	Since Inc. %
Scheme Return %	1.74	-3.99	0.93	3.25	27.06	10.22	24.06	25.92
Category Avg %	2.59	-4.13	1.66	0.03	19.04	6.38	19.90	19.01

Returns as of 2nd June, 2010

Scheme Name	NAV (Rs.)	Inception Date	AUM (Rs. cr)	Absolute %				CAGR %		
				1 M	3 M	6 M	1 Y	3 Y	5 Y	Since Inception
Equity - Diversified										
Birla SL India Opportunities(G)	50.50	21-Jan-95	16	-6.03	1.59	4.55	40.20	-1.94	11.69	11.11
Birla SL Special Situations(G)	9.30	15-Jan-08	351	-7.43	-1.37	-0.63	13.27	-	-	-3.02
DSPBR Opportunities(G)	77.11	10-Apr-00	394	-2.05	5.89	4.53	30.25	8.92	23.52	22.29
Fidelity Equity(G)	31.36	19-Apr-05	1432	-1.32	6.36	6.02	33.98	9.87	25.08	24.99
ICICI Pru Dynamic(G)	95.47	18-Oct-02	1192	-1.35	4.40	7.57	37.86	10.83	27.33	34.42
Kotak Opportunities(G)	42.27	25-Aug-04	647	-3.57	2.77	1.79	22.40	10.26	24.06	28.37
SBI Magnum Comma(G)	22.77	25-Jul-05	360	-6.14	-2.32	-0.96	19.59	10.19	-	18.46
SBI Magnum Multicap(G)	17.00	16-Sep-05	351	-5.24	-0.70	-1.62	18.14	1.74	-	11.92
Reliance Equity Oppor-Ret(G)	30.99	7-Mar-05	1134	-3.78	7.25	13.74	51.85	10.71	24.85	24.09
Reliance Natural Resources(G)	9.27	30-Jan-08	3034	-7.68	-5.25	-9.06	2.69	-	-	-3.17
Equity - ELSS										
Birla SL Tax Relief '96(D)	79.22	29-Mar-96	920	-5.02	2.01	0.29	24.56	5.49	20.70	31.98
DSPBR Tax Saver(G)	15.70	26-Dec-06	517	-2.98	6.19	5.66	33.76	11.74	-	14.03
Fidelity Tax Advantage(G)	19.38	31-Jan-06	734	-1.05	7.08	7.52	37.10	11.45	-	16.48
Franklin India Taxshield(G)	181.17	10-Apr-99	402	-4.44	1.63	3.76	27.69	9.91	20.81	29.66
HDFC Long Term Adv(G)	119.28	27-Dec-00	533	-2.10	4.65	5.44	33.53	6.96	17.55	30.05
Principal Personal Tax saver(G)	88.80	1-Jan-96	614	-3.16	2.27	0.20	24.70	4.13	18.06	25.44
Reliance Tax Saver (ELSS)(G)	18.67	23-Aug-05	1276	-4.18	4.33	7.42	30.37	8.01	-	13.96
Sundaram Taxsaver(G)	39.83	31-Jan-05	662	-6.31	-0.77	-4.83	13.30	11.51	22.67	24.24
Equity - Large-cap										
Birla SL Equity(G)	245.79	27-Aug-98	662	-5.43	1.25	0.04	23.54	6.42	22.24	31.26
Birla SL Frontline Equity(G)	78.88	30-Aug-02	1134	-4.52	1.49	0.59	23.42	12.08	26.20	30.49
DSPBR Equity(D)	46.46	15-Apr-97	1222	-3.74	3.99	3.06	29.63	12.90	28.07	25.05
DSPBR Top 100 Equity(G)	89.50	21-Feb-03	1318	-2.90	2.18	-0.74	22.03	11.67	26.82	35.12
JM Large Cap(G)	17.73	9-Jun-04	2	-0.76	5.50	2.16	10.25	-1.44	6.99	10.05
Kotak 30(G)	92.90	21-Dec-98	576	-3.25	1.59	-1.15	19.43	8.01	23.26	32.24
Magnum Equity(D)	29.55	30-Nov-90	315	-3.08	3.68	2.94	24.01	9.78	24.53	13.23
Reliance Equity-Ret(G)	14.32	7-Mar-06	1182	-3.90	-1.89	-4.37	8.85	4.86	-	8.84
Reliance Vision-Ret(G)	249.50	7-Oct-95	1813	-2.58	2.20	1.95	23.70	7.44	22.30	24.53
Sundaram BNPP Growth(G)	82.79	15-Feb-97	64	-4.47	0.89	-2.93	20.02	5.20	19.30	20.06
Equity - Mid-cap										
Birla SL Midcap(G)	103.57	1-Oct-02	847	-5.17	2.81	1.39	36.38	12.98	24.61	35.61
ICICI Pru Emerging S.T.A.R.(G)	32.32	25-Sep-04	260	-4.60	5.04	12.34	48.60	1.40	19.05	22.91
JM Mid Cap(G)	25.24	9-Jun-04	6	-4.60	3.27	-1.12	26.49	4.74	12.81	16.74
Kotak Midcap(G)	23.06	28-Jan-05	70	-2.83	9.23	8.80	41.06	1.24	15.94	16.91
Reliance Growth-Ret(G)	439.64	7-Oct-95	3980	-3.96	4.38	6.51	32.49	13.94	26.89	29.44
Reliance Reg Savings-Equity(G)	28.10	10-Jun-05	2030	-4.28	2.20	3.56	29.08	18.32	-	23.05
Sundaram BNPP S.M.I.L.E(G)	30.89	21-Jan-05	308	-4.93	3.03	-1.51	33.44	16.55	22.89	23.40
Sundaram BNPP Select Midcap(G)	133.00	19-Jul-02	1007	-4.20	1.38	1.95	29.51	11.27	26.53	38.89
Equity - Pharma & HC										
Franklin Pharma(G)	56.37	31-Mar-99	37	2.07	13.26	20.70	96.08	22.69	22.54	16.73
Reliance Pharma(G)	50.17	26-May-04	156	1.10	13.55	21.69	96.24	27.78	30.64	30.71

Returns as of 2nd June, 2010

Scheme Name	NAV (Rs.)	Inception Date	AUM (Rs. cr)	Absolute % 1 M	3 M	6 M	1 Y	CAGR % 3 Y	5 Y	Since Inception
Equity - Service Inds										
ICICI Pru Services Inds(G)	15.78	18-Nov-05	191	-6.85	0.96	1.48	27.57	-2.64	-	10.57
Principal Services Inds(G)	13.56	31-Jan-06	70	-4.64	0.30	-0.37	22.83	2.80	-	7.27
Tata Service Inds(G)	23.17	10-Mar-05	87	-5.21	1.47	-1.35	30.38	2.11	16.91	17.42
Equity - Sensex Linked Index										
Franklin India Index-BSE Sensex(G)	46.93	27-Aug-01	34	-4.58	-0.21	-2.78	12.72	5.04	20.02	19.28
HDFC Index-Sensex Plus(G)	202.85	10-Jul-02	57	-2.54	2.43	0.64	21.89	8.70	22.49	26.25
HDFC Index-Sensex(G)	139.16	10-Jul-02	59	-4.49	-0.69	-3.02	11.59	1.36	17.21	20.37
UTI-SUNDER	529.55	11-Jul-03	1	-4.38	0.59	-1.33	12.06	6.35	20.50	25.10
Equity - Nifty Linked Index										
Birla SL Index(G)	49.86	17-Sep-02	18	-4.74	-0.06	-2.51	10.38	5.13	18.50	23.16
SBI Magnum Index(G)	42.63	16-Jan-02	23	-4.86	-0.09	-2.38	10.40	3.04	17.63	18.89
Nifty BeES	503.86	18-Dec-01	382	-4.77	0.16	-1.93	11.50	5.94	20.53	21.84
Reliance Banking ETF	936.19	30-May-08	13	-6.77	2.98	-1.52	26.36	-	-	31.71
Balanced - Equity Oriented										
Kotak Balance	21.65	25-Nov-99	65	-2.57	2.05	1.06	16.84	8.06	17.99	17.79
Sundaram BNPP Balanced(G)	44.03	25-May-00	15	-1.79	1.44	-1.37	18.26	8.21	16.21	15.93
Balanced - Debt-Oriented										
HDFC Children's Gift - Savings	20.81	2-Feb-01	61	-0.14	3.96	6.14	16.72	11.66	9.27	8.17
ICICI Pru Child Care Plan-Study Plan	27.35	6-Aug-01	32	0.12	4.54	7.24	17.82	10.01	12.47	12.07
Commodities - Gold										
Gold BeES	1845.79	23-Feb-07	797	10.02	11.66	2.80	25.87	27.93	-	23.23
Kotak GOLD ETF	1844.19	4-Jul-07	130	10.02	11.66	2.81	25.47	-	-	29.71
DSPBR World Gold-Reg(G)	15.50	23-Aug-07	880	2.45	7.76	-9.25	10.27	-	-	17.12
Reliance Gold ETF	1793.77	1-Nov-07	262	10.02	11.66	2.78	25.43	-	-	24.71
UTI-Gold ETF(G)	1844.53	16-Mar-07	318	10.04	11.67	2.82	25.54	27.85	-	23.43
Liquid Funds										
Birla SL Cash Mgr-Ret(G)	22.62	14-May-98	31	0.35	1.08	1.97	4.16	6.57	6.56	7.00
Birla SL Cash Plus-Ret(G)	24.65	13-Jun-97	133	0.30	0.93	1.76	3.74	6.41	6.47	7.20
Kotak Liquid(G)	17.96	6-Oct-00	31	0.32	0.92	1.76	3.69	6.18	6.15	6.25
LICMF Liquid(G)	16.99	13-Mar-02	4408	0.39	1.07	2.11	4.66	7.14	7.10	6.65
Magnum InstaCash-Cash(G)	20.61	19-May-99	2276	0.40	1.14	2.03	3.99	6.48	6.53	6.77
Reliance Liquid-Cash(G)	15.09	4-Dec-01	9	0.29	0.79	1.43	2.59	4.38	5.04	4.96
UTI-Money Mkt(G)	2590.04	23-Apr-97	206	0.35	1.04	1.92	4.18	6.61	6.66	7.52
Monthly Income Plans										
Birla SL MIP II-Savings 5(G)	16.65	30-Apr-04	690	0.02	1.37	1.99	6.06	12.04	9.75	8.72
Birla SL MIP II-Wealth 25(G)	16.88	30-Apr-04	109	-0.98	1.56	1.85	10.38	6.97	8.94	8.97
Birla SL MIP(G)	25.05	10-Nov-00	0	-0.32	2.00	2.39	8.90	8.39	8.79	10.08
Birla SL Monthly Income(G)	34.47	14-Jul-99	217	-0.18	1.68	2.59	9.36	9.60	10.15	12.03
L&T MIP(G)	18.87	1-Aug-98	10	-0.61	1.48	1.56	7.85	11.92	10.07	4.53
DSPBR Savings Mgr-Agg(G)	18.38	20-May-04	80	-0.02	1.16	1.67	9.53	8.56	10.70	10.61
ICICI Pru Income Multiplier(G)	18.38	5-Mar-04	216	-0.46	2.44	2.36	9.79	7.71	10.75	10.24
Magnum Income Plus-Savings(G)	10.88	22-Oct-03	1	0.44	1.03	2.39	3.23	0.97	1.24	1.28
UTI-MIS(G)	18.82	11-Oct-02	206	-0.09	1.99	3.26	10.71	9.80	9.51	8.62

Euro on a sticky wicket as more hidden fractures comes to the fore

Introduction

Currency crisis goes hand in hand with any real economic problem in a country or a zone. Alike the 2008 global economic slowdown wherein the dollar's continuity as the most popular reserve currency was questioned, the ongoing Greece debt crisis and its likely contagion effect on other economies of the monetary union is posing serious challenge for the survival of euro. Euro has already touched multi-year lows against the American greenback and economists have initiated debates as 'Europe's problem is very much of euro's problem'. In other words, the fate of euro will very much depend upon the survival of the monetary union.

With the formation of the common currency euro, the monetary union had created history in 1999 and forced policy makers to redraw the contours of common currency union. Although, the formation of the common currency raised numerous objections from other countries, but the resolve of the member countries to achieve their economic goal enabled them to sail through all the obstacles. Furthermore, the September 2001 terrorist attack on US and the subsequent plunge in dollar raised hopes in the world economy the euro could provide the best alternative in case of any economic slump in the US going forward.

Optimum currency area

An optimum currency area (OCA), also known as an optimal currency region (OCR), is a geographical region in which a single currency would maximize economic efficiency. It describes the optimal characteristics for the merger of currencies or the creation of a new currency in a region. The theory is used often to argue whether or not a certain region is ready to become a monetary union which is regarded as one of the pinnacles in economic integration.

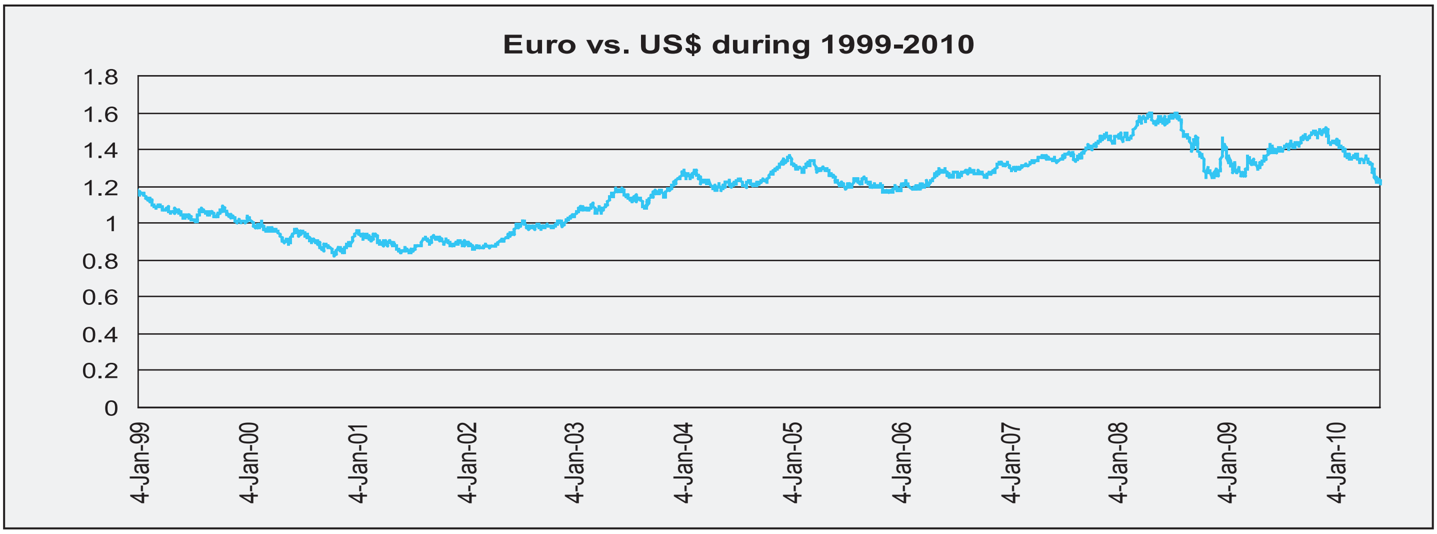
In theoretical paradigm, the success of OCA lies with some inherent characteristics like (i) labour mobility across the region, (ii) openness with capital mobility and price & wage flexibility across the region, (iii) a risk sharing system and (iv) similar business cycles among all the countries in the region.

Part of the rationale behind the creation of the euro was that the individual countries of Europe do not each form an optimal currency area, but that Europe as a whole does form an optimal currency area. The creation of the euro is often cited because it provides the most modern and largest-scale case study of the engineering of an optimum currency area. Moreover, it provides a comparative before-and-after model by which to test the principles of the theory.

Emergence of euro

The euro was established by the provisions in the 1992 Maastricht Treaty. In order to participate in the common currency zone, member states are meant to meet strict criteria such as a budget deficit of less than three per cent of their GDP, a debt ratio of less than sixty per cent of GDP, low inflation, and interest rates closer to the EU (European Union) average.

The euro is the second largest reserve currency as well as the second most traded currency in the world after the US dollar. The name euro was officially adopted on 16th December 1995. The euro was introduced to world financial markets as an accounting currency on 1st January 1999,



replacing the former European Currency Unit (ECU) at a ratio of 1:1. Euro coins and banknotes entered circulation on 1st January 2002.

Euro is the official currency of the euro zone which comprises of 16 nations out of the 27 member states of the European Union (EU). At present, the euro zone consists of Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain. Estonia is due to join the euro zone on 1st January 2011.

Euro fell well-short of its objectives

The main aim of introducing euro in 1999 was to narrow the economic differences between the member countries of the monetary union. As per the normal theoretical premises, member countries of the monetary union believed that the creation of the monetary union would boost their economies via robust international trade. Moreover, it would enable unemployment to converge as would other macroeconomic variables such as unit labour cost, productivity, fiscal deficits and government debt. Subsequently, the differences in wealth would diminish as well.

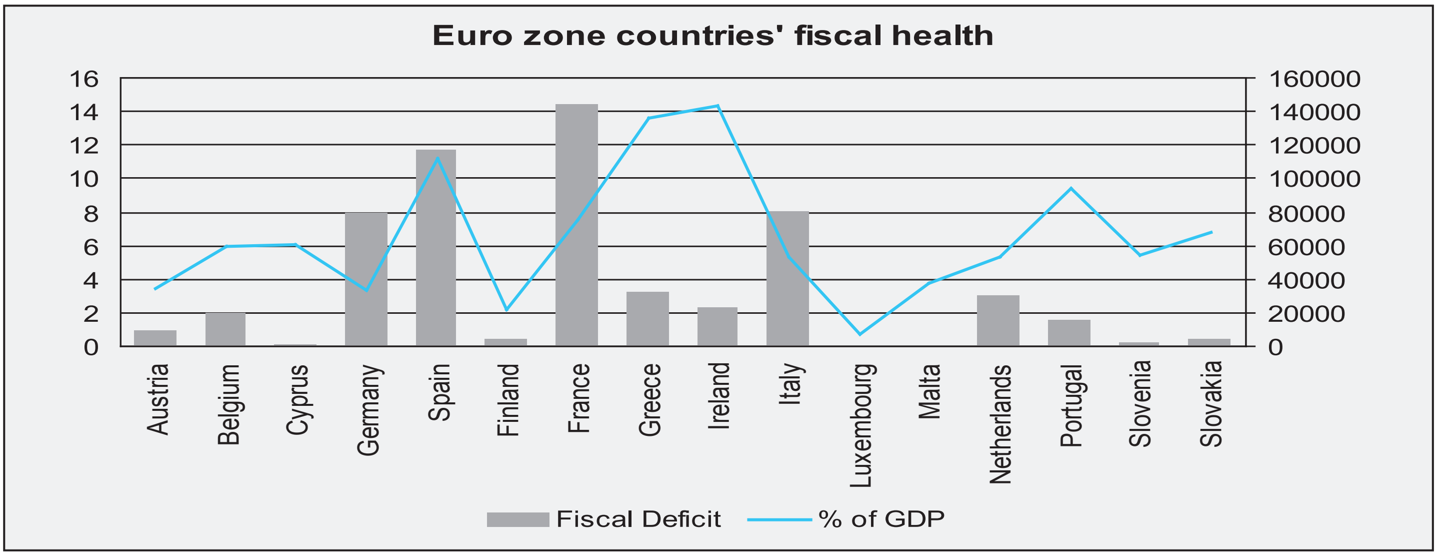
After more than a decade of its introduction, the common currency increased divergence and with the onset of the Greek crisis and its possibilities of contagion effect on other members of the monetary union, worse may yet to follow in the euro zone. The wealth convergence formula was questionable from the very first day of the creation of the monetary union since it contained very wealthy countries like Germany and Netherlands; and much poorer countries like Greece and Portugal. Such huge differences among countries had often put the European Central Bank (ECB) in a dilemma while determining the appropriate interest rate for all the member countries.

A fair comparison of some macroeconomic variables in some of these euro zone countries will reflect the amount of divergence that the monetary union has created instead of its objective of a union. The difference between the euro zone countries' with the lowest and highest inflation rate has reached to 5.9% in 2009 as compared to that of 2% in 1999. Moreover, the productivity difference increased from 25 index points in 1999 to 66.2 points in 2008. The difference in unit labour costs went from 5.4% to 31.8% during the said period. More importantly, the unemployment rate reached 15.4% in 2009, as compared to that of 10.1% when the monetary union was formulated in 1999.

Genesis of the current crisis

As the global economic downturn struck in 2008, years of unrestrained spending, cheap lending and failure to implement financial reforms left Greece badly exposed. This revealed huge debt levels and deficits of Greece that exceeded limits set by the euro zone when it was introduced in 1999. The total national debt, which stands at around $413.6 billion, is bigger than the country's economy. Greece's fiscal deficit stood at 12.7% of its GDP in 2009. Speculations are rife that the surging national debt may exceed 120% of Greece's GDP in 2010.

Investors are wary as Greece's credit rating has been downgraded to the lowest in the euro zone. Moreover, the fear of contagion of the Greece crisis to the other vulnerable countries like Portugal and Spain gained ground when the sovereign debt of these two countries were downgraded by global rating agency Standard & Poor in April. Given the closeness of international trade between the 16-nation common currency zone, the remaining two countries of the PIIGS (Portugal, Ireland, Italy, Greece and Spain) like



Italy and Ireland are the next vulnerable countries that are likely to be affected by the Greece crisis.

In the above chart, PIIGS countries are clearly at greater risk with the worst fiscal health in the euro zone. These five countries are tottering with high fiscal deficit both in absolute terms and as a percentage of GDP.

With the wave of shock and awe continuing to grip the whole of euro zone, the fate of euro currency is seemingly in trouble.

Fate of euro as euro zone looks vulnerable

Economists are in variance regarding the survival of euro in the wake of the ongoing Greece debt crisis which is likely to have contagion effect on other euro zone economies going forward. Several possibilities can be discussed on a hypothetical basis.

Many economists believe that it will remain an ongoing bet on the survival of euro. It may survive but not in its current form and not with all of its current members. While it is tough to imagine the collapse of the monetary union, some of the countries may abandon the zone. The single currency and the single monetary policy will be a cause of continuing problems for the euro-zone countries, but the political leaders of the major countries in the euro zone are likely to accept those economic costs in order to achieve the political advantages of a more unified and politically centralised Europe. Though it is possible for a euro zone member to leave but none would chose to do so, if acting rationally keeping in view of the huge institutional, economic and political cost to incur.

Greece's option of exiting out of euro zone

As Greece continues to bear the brunt of its fiscal impropriety, one of the options for Greece is to exit from the euro zone and try to rebuild its own economy through devaluation of its currency. Staying in the monetary union, devaluation is not an option for Greece. Devaluations were common in the Bretton Woods system from 1945 through 1971, but they have become less frequent in the European Exchange Rate Mechanism (ERM), and it is not an option in the euro.

Theoretically speaking, devaluations not only make the national debt lose value but also make imports more expensive and exports cheaper. Consequently, it creates improved conditions for exports and austerity measures for imports, both considered good for minimizing trade deficits. Devaluation will help the Greece economy to arrest its surging trade deficits and the resultant fiscal deficits.

Bottom line

As the members of the monetary union deliberate on the ways and means to arrest the Greece debt crisis from contaminating further to other countries, the very survival of euro also goes alongside the success of all those efforts to save the euro zone. As the difference between the richest and poorest country in the common currency area widens from year-to-year, it looks puzzling that why advanced countries like Germany and France are still continuing as members of the euro zone. They could lead a better economy if they manage through their own currency rather than in the euro zone wherein they are sharing their assets with other poor members of the region. A striking and more reasonable answer could be the fact that all the member countries had already lost their independence way back in 1999 itself and exiting from the euro zone in 2010 could weaken their voice in the global economic arena. Moreover, it will be difficult to showcase their political and economic strength after exiting from the region, since the repercussions of such an exit cannot be foretold in advance. Hence, the grouping of the euro zone members serves perfect logic from an economic point of view, but the countries' unwillingness to exit from the monetary union looks more political than economic.

At the time of the formation of the euro zone, the monetary union was not satisfying all the criteria to become a successful optimum common currency area. Perfect labour mobility is one of the key attributes of a common currency area which the monetary union was not satisfying. Moreover, there is no central government in the euro zone which can implement desired fiscal policy in case of any economic instability. A central government also becomes necessary to maintain co-ordination in a common currency zone, especially a zone like that of euro wherein there exist huge differences among the member countries.

As hitherto discussed about the grand success story of euro in the initial phases of its introduction, an early demise of euro would require the whole of the euro zone economy to crumble which looks remote at this juncture. Moreover, keeping in view of the size and vibrancy of the euro currency on the international trade, collapse of the second largest popular currency in the world would push the global economy into double-dip recession. As more problems come to the fore in the ongoing euro zone crisis, it is difficult to predict the extent to which euro will be affected. However, a lingering euro zone problem could entail more challenges to the euro going forward.

European crisis likely to test the vigor of India's exports

Introduction

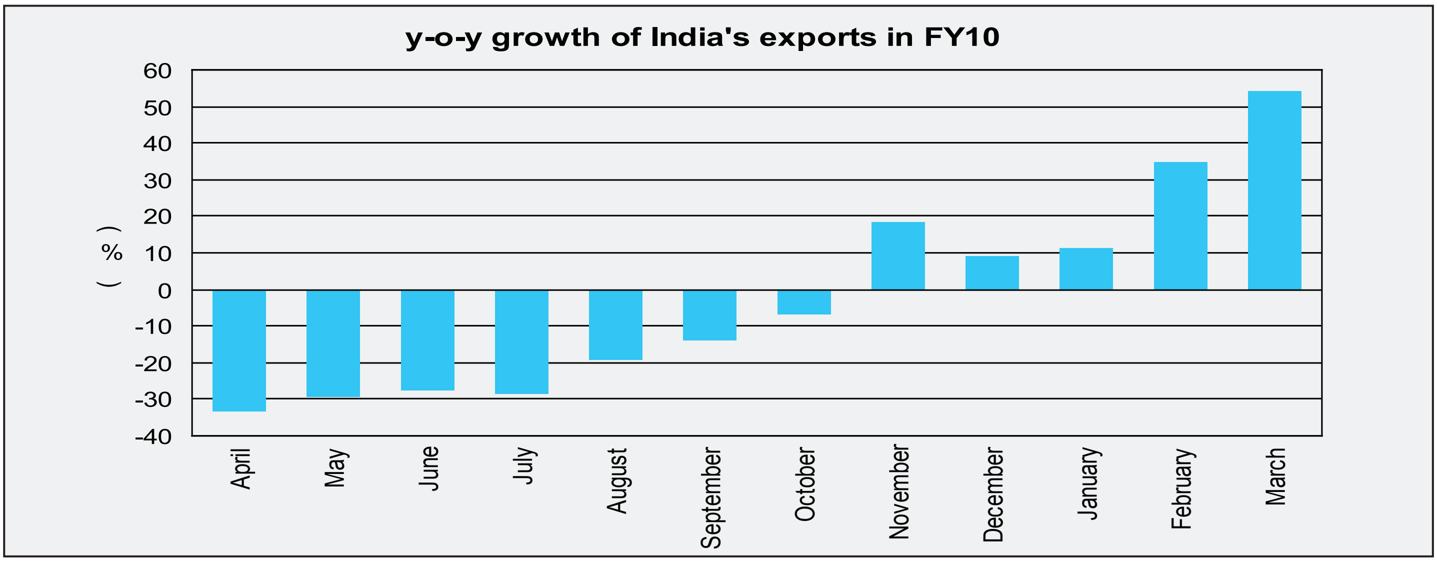
International trade has gained its significance both in value and volume terms in the globalised world. However, its increased importance has also made countries vulnerable in case of a problem in any of its trading partners. With an emerging country like India, having around 225 trading partners around the world, a problem in real or financial sector in any corner of the world raises eyebrows among the trade experts regarding the future course of action.

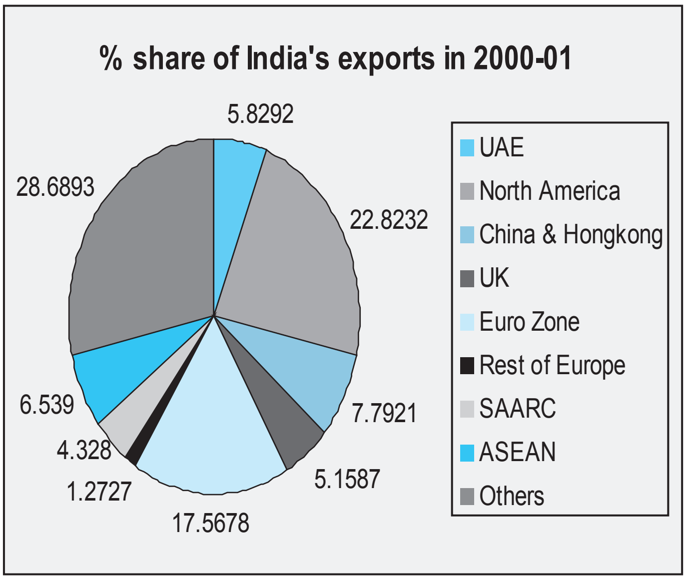
India's exports were badly hit due to the global economic crisis in 2008-09, triggered by the subprime mortgage crisis in the US. Demand for India's exports plunged on the back of the crisis and in turn challenged the survival of the domestic export-led industries. At this juncture, government stepped in and offered three fiscal stimulus packages to ensure that all the suffering export-led industries tackle this challenge. Moreover, the Reserve Bank of India (RBI) also initiated easy loan facility with lesser interest rates. Since December 2008, the Centre had announced a slew of measures, such as interest subsidy for exporters to tackle the financial crisis. In August 2009, more sops like market-linked incentives were announced in the Foreign Trade Policy. All these fiscal and monetary policies enabled most of the export driven industries to come out of the blues of the recession.

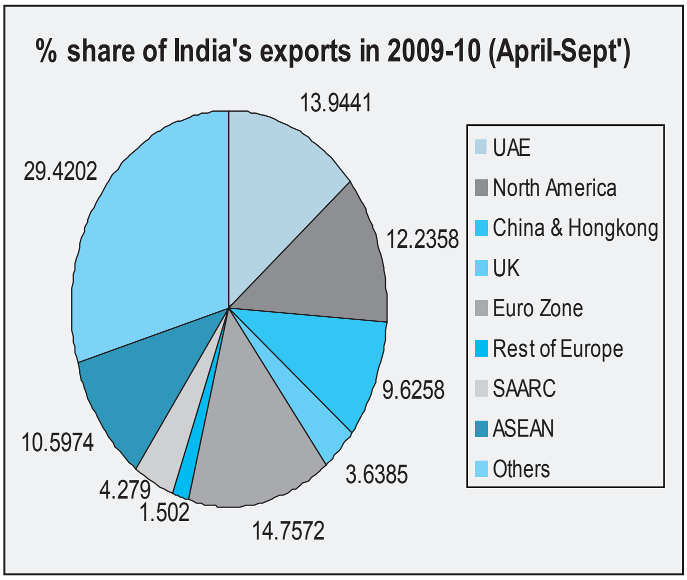
On the back of the global economic slowdown, India's exports witnessed a contraction for 13 consecutive months starting from October 2008. The dip was at its worst at 39% in May 2009. From November 2009, the export volumes started to pick up with a growth of 18%. The export volumes continued to stay in the positive terrain for the following three months of December, January and February. Expanding for the fourth straight month, exports surged by 34.8% to $16.09 billion in February, against $11.94 billion in the year-ago period. Albeit, the growth figures were on a lower base, the recovery in the demand in developed countries in US and Europe was amply evident.

However, as the world economy was trying to recover from the worst ever recession in the post-World War II era, the Greece debt crisis came to the floor early this year. It sent shock waves across the world as the contagion effect of the Greece sovereign bond default case was felt in its other neighbouring countries like Spain and Portugal, sooner-than-expected. An interim relief package of 750 billion euros offered by the International Monetary Fund (IMF) and European Union (EU) failed to soothe the nerves in global equity markets which plunged into multi-month lows.

Unlike the earlier crisis, where the crisis had spilled over from the financial sector to the real sector, the crisis this time around has taken its roots from the real sector and has the potential to trigger 'double-dip' recession in many







a territories. In this context, it is pertinent to debate on the likely impact of the ongoing euro zone problems on India's exports, going forward.

Direction of India's Exports

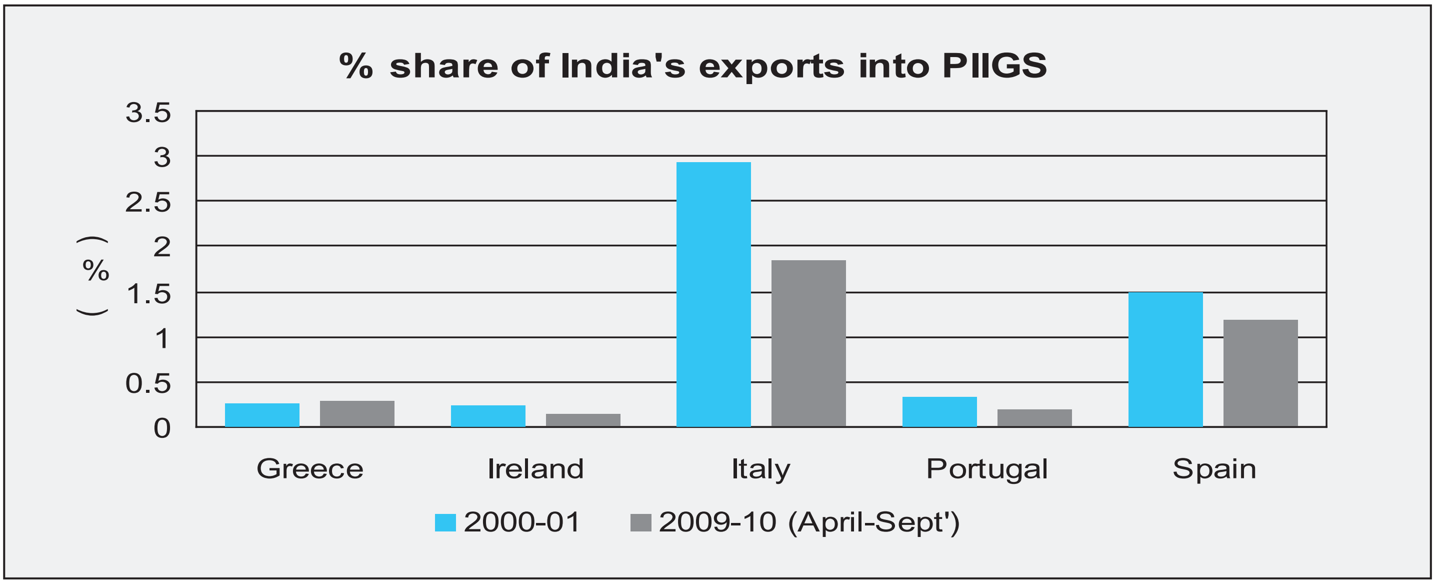
At the outset, the likely impact of any crisis on India's exports can be ascertained from its trade destinations. UAE has taken over USA as India's largest export destination in terms of volume. In 2000-01, around 21% of India's exports were moving to USA and it has come down to 11% in the first half of FY10. On the other hand, during the April-September period of 2009-10, UAE accounted for around 14% of India's exports compared to around 6% in 2000-01. The demand for Indian exports from the euro zone remained highest in the first six months of 2009-10 with 14.75% share compared with that of 17.56% in 2000-01. ASEAN (Association of Southeast Asian Nations) including Japan accounted for 10.59% of India's total exports in the first six months of FY10 compared with that of 6.53% in 2000-01. The share of China and Hong Kong combined went up to 9.6% in the first half of 2009-10 compared to that of 7.8% in 2000-01.

Diversification of Export Direction

From the analysis of the details of India's export destinations, it can be depicted that India's exports were heavily depending on the demand from Western economies. However, over the years, government of India has initiated trade talks with several other countries in the world and as a result of which the over dependence on the Western demand has come down. Some of the share of exports has been diverted to many unchartered areas including some of the Latin American countries. Two back to back crises in the Western economies have further necessitated the diversion of India's export destinations in order to insulate it from crisis in a particular country or zone.

Likely impact of the euro zone problem on India's exports

As the hidden fractures in the euro zone economy are defying to die down, Indian exports are already feeling the pinch of it, albeit at the psychological level since it is yet to show its effect on the exports volume. If we see the share of troubled economies like Greece, Portugal and Spain in India's total exports, they accounted for 0.27%, 0.19% and 1.17% respectively during the first six months of 2009-10. So, in the first scenario, even if the demand for Indian exports plunges on the back of the ongoing debt crisis, it is unlikely to derail India's prospects of higher exports growth as it constitutes a meager portion of the country's total exports. However, in the second scenario, if the contagion effect of the Greece crisis hampers the real economy of all the constituents of the 16-nation common currency area, India's exports will most likely take a hit as the euro zone accounted for around 14.75% of the country's total exports in the first-half of FY10. Albeit, the second scenario looks a remote possibility under the given circumstances but it cannot be altogether ruled out as well.



Another government stimulus in the offing

Albeit it's too early to discuss about any government stimulus, but in case of the second scenario as discussed above, a government stimulus will be necessitated to save the country's exports segment from plunging any further. If any such case arises, government will have to walk on a sticky wicket as it is currently tottering under huge fiscal deficit burden.

In 2008, when the global economic slowdown set in, government had declared three fiscal stimulus packages to save the vulnerable exports segments. Lack of demand from the Western economies and the resultant huge job losses had crippled the exports segment around two years back. Albeit India's exports segment has recovered significantly, some sectors continue to be hit badly. Engineering goods is one such segment which witnessed a decline of 21% in shipments during 2009-10 and it is yet to come out of red. Similarly, electronic goods, handicrafts, and carpets, etc are yet to join in the positive growth trajectory and therefore need government's support going forward. These exports segments are yet to witness a full-fledged demand-driven growth rather than stimulus-driven growth. In such a scenario, any contagion of the ongoing Greek crisis will certainly question the survival of the domestic export-driven industries.

Going forward

The hitherto discussed scenarios can pose serious challenges to the country's exports segment. As of now the problematic PIIGS (Portugal, Ireland, Italy, Greece and Spain) region poses less challenge to the Indian exporters than otherwise it would be in case the debt crisis contaminates the other parts of the euro zone. In the meantime, Indian exporters should divert their destinations and try to create demand for their products in an aggressive manner. More diversification would ensure more safety and India's exports won't be any more dependent on the pace of development of any particular country or zone.

Moreover, the rupee appreciation against the euro is broad based, i.e. euro is weakening against major global currencies in the world. Hence, the recent depreciation of rupee is unlikely to have any major repercussions on the trade aspects in the international trade arena. In other words, India is unlikely to lose its export advantages in the euro zone as all other global currencies have also strengthened against the euro.

The fate of Indian exports clearly hinges on how the euro zone crisis pans out in the days to come. Any contagion effect of the Greece crisis would compel the government to step in and provide the requisite safe net for the domestic exports segment. A global slump in consumption demand, alike that of 2008-09, would definitely hit the Indian exporters as well along with export volume of all other major countries. On the other hand, strong Asian demand as witnessed during the last six months, could give crucial life-line for the Indian exporters to stay afloat and avert any major slump going forward.

Tea exports expand 14% in 2009-10 on firm prices

India's tea exports have registered a growth of 14% in the last fiscal to touch Rs 2,721 crore as prices remain strong in the international markets and shipments from rival exporters' decline, according to the data compiled by the Tea Board of India. In terms of volume, the total shipments have increased by around 5% to 200 million kg compared with 190 million kg in year ago period.

The sharper increase in export earnings compared with volume of shipments reflects the better prices in international markets in the last fiscal. Exporters fetched Rs 160 per kg for the premium quality tea in 2009-10 compared with Rs 146 per kg of price earned in the previous fiscal.

India is the largest producer of tea, but its hold in the export markets has declined secularly in couple of decades preceding 2008. From being a pre-eminent supplier of world's tea, India started to lose ground in virtually every export market beginning from early 1990s. However, the industry has been putting a classic case of revival during the last couple of years and has been regaining share in a number of markets.

India has been giving good competition to Sri Lanka owing to the increase in production of orthodox varieties in the current season. Indian producers have also been able to gain market share in some other markets, Iran and Egypt, etc. In this wake, industry insiders expect the growth trend to continue in the current fiscal as well.

Sugar to remain under pressure as output set to surpass estimates

India is unlikely to import any more sugar in the current season as the domestic production is expected to be higher-than-earlier estimates. From the initial estimates of around 14-15 million tonne, output may reach around 18 million tonne owing to higher recoveries in two of the biggest sugar producing states in the country Maharashtra and Uttar Pradesh.

Vivek Saraogi, Chairman of Indian sugar manufacturers association (ISMA) and managing director of Balrampur Chini Mills, India's sugar output may touch 18.5 million tonne this season due to the higher crushing. Output in Maharashtra only, the largest sugar-producing state in the country, is likely to show increment of around 2-2.5 million tonne compared with earlier estimates and may reach 7.5 million tonne.

Prospects have improved substantially for the next season as well. Agriculture and farm minister Sharad Pawar has informed the Parliament that production in the world's largest consumer of sugar may increase to 24 million tonne in next season. He added that the country might be exporting sugar next season. "I think we will have surplus sugar and we will have to think of exports," he said.

The minister also said that government would take a call on import duty on sugar. Currently, the government has allowed duty free import of white as well as raw sugar to millers. The government has also allowed the bulk users to import duty-free raw sugars for FY11. However, with changing scenario, the farm minister said, the government may impose import duty soon.

Synthetic rubber output rising on account of high prices of natural rubber

As the prices of natural rubber remains strong, India's production of synthetic rubber has been increasing sharply. As per the data released by the Rubber Board of India, production of synthetic rubber went up by 24.2% to 8,768 tonne in February 2010 against 7,055 tonne in the year-ago period.

Consumption has registered an ever steeper growth at 30% on higher demand from automotive tyre manufacturers. The rubber board estimates pegged total consumption of synthetic rubber in February at 31,440 tonne compared with 24,210 tonne in the same month last year. Sharp surge in auto sales over the last 2-3 quarters has generated huge demand for both natural and synthetic rubber.

On a cumulative basis, production of synthetic rubber in the country during first 11 months of fiscal 2009-10 registered a growth of 12.6% to touch 98,280 tonne compared with 87,251 tonne in the same period a year-ago. Consumption on the other hand increased 17.6% to 3,13,405 tonne in the period under review compared with 2,66,465 tonne a year-ago.

India imports a bulk of its synthetic rubber demand, a derivative of petroleum. Both price and consumption of the commodity are closely linked to fates of petroleum as well as natural rubber. Since growth in consumption has been higher compared to increment in production, the gap was filled by imports which expanded 28% in the Apr-Feb 2010 period to touch 2,24,948 tonne from 1,75,595 tonne a year-ago.Meanwhile, the rubber board said in its monthly bulletin that India was unlikely to face shortage of natural rubber in 2010-11 as 245,000 tonne of carry forward stocks were available to counter any decline in the imports. As such the board rejected the demand for duty-free import of natural rubber by user industries in view of the sufficient carry forward stocks.

The rubber board conceded the contention of tyre-makers that the total domestic production of 978,000 tonne was likely to be 85,000 tonne short of anticipated demand of 978,000 tonne over the current fiscal. However, given the stock situation, the board said the shortfall could be easily made-up, thus contradicting the appeal by user industries for import of duty-free rubber through government agencies.

Government eases control on sugar as supply outlook improves

The Indian government has continued to ease its control over sugar in May as the supply outlook has been improving considerably over last one month or so. Sugar prices have crashed heavily in both domestic and international markets and the government now is looking to decelerate the decline in sugar prices to ensure that the millers do not run into losses.

The government has allocated 21.17 lakh tonne of sugar for sale in the month of May. Out of this, 19 lakh tonne of sugar is to be sold in the open market (non-levy sugar), while the rest 2.17 lakh tonne will be supplied to the public distribution system (PDS) for sale at subsidised prices to the designated ration card holders.

However, what is important is that the mills have been allowed to sell the entire quota of non-levy sugar on a monthly basis rather than fortnightly basis as was prescribed for April. Earlier, the government had relaxed the sale norms for mills by allowing them to sell sugar on fortnightly basis in April compared with the weekly schedule that had been introduced after sugar prices skyrocketed in 2009.

The reason behind the relaxation is improvement in the supply outlook. In the current season the government is now expecting around 17 million tonne of production compared with 15-15.5 million of expectations earlier. Further, in the next season, starting from October 2010, the government expects the sugar output in the country to be higher than the domestic demand.

Tea exports expand 14% in 2009-10 on firm prices

India's tea exports have registered a growth of 14% in the last fiscal to touch Rs 2,721 crore as prices remain strong in the international markets and shipments from rival exporters decline, according to the data compiled by the Tea Board of India. In terms of volume, the total shipments have increased by around 5% to 200 million kg compared with 190 million kg in year ago period.

The sharper increase in export earnings compared with volume of shipments reflects the better prices in international markets in the last fiscal. Exporters fetched Rs 160 per kg for the premium quality tea in 2009-10 compared with Rs 146 per kg of price earned in the previous fiscal.

India is the largest producer of tea, but its hold in the export markets has declined secularly in couple of decades preceding 2008. From being a pre-eminent supplier of world's tea, India started to lose ground in virtually every export market beginning from early 1990s. However, the industry has been putting a classic case of revival during the last couple of years and has been regaining share in a number of markets.

For example, in case of Russia, India further increased its exports to 45 million kg in FY10 as compared with 40 million kg in FY09. India was the main supplier of tea to Russia till early 1990s but had been losing share to exporters from Sri Lanka and Kenya since then. The situation however changed in 2008 when India started regaining market share from Sri Lanka, who dominated the Russian market in most of the last decade.

India has been giving good competition to Sri Lanka owing to the increase in production of orthodox varieties in the current season. Indian producers have also been able to gain market share in some other markets Iran and Egypt, etc. In this wake, industry insiders expect the growth trend to continue in the current fiscal as well.

US lowers wheat output forecast for India

As the heat wave threatens to pull down the wheat output in the country, the US Department of Agriculture (USDA) has lowered India's wheat output estimate by 3.65% i.e. 79 million tonne. The department said that strong heat conditions prevailing in large part of the country can cause significant damage to crops in some of the key growing areas.

"Despite an increase in planted area, 2010-11 wheat production is now expected to decline from the record 2009-10 level due to late season weather developments resulting in lower yields. Post currently forecasts 2010-11 wheat production at 79.0 million tonne from 28.7 million hectares," read the report by the USAD.

Explaining the reason for the downgrade, it said that the initial optimism regarding the 2010 wheat crop was due to the favorable growing conditions through mid-March. But these conditions were hit later due to a sudden significant rise in temperature, which affected proper grain development, lowering yield prospects.

According to the report, the impact of heat conditions is likely to be more in the northwest India including key grain producing states of Punjab and Haryana as these regions had planted wheat late. On the other hand, in the western states of Rajasthan and Gujarat, wheat production is likely to decline mainly due to a decline in planted area.

Meanwhile, the Indian government has cleared that it is not looking to allow export of wheat despite strong outlook of the Rabi crop until the domestic prices start coming down. Food inflation in the country continues to remain at escalated levels despite good Rabi crop and early signs of normal monsoon.

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Maximum Term	30 years
Minimum/Maximum age at entry	20-60 years
Minimum/Maximum age at Vesting	50 - 70 years
Tax benefits	Premium paid for this policy will be eligible for Tax benefit under Section 80 CCC